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# SOI BULLETIN

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Information on the availability of supplemental data on the topics included in this issue, special tabulations undertaken on a reimbursable basis, or other SOI subjects, may be obtained by telephoning the SOI Statistical Information Services office (202-874-0410), or by writing to the Director, Statistics of Income Division RAS:S, Internal Revenue Service, P.O. Box 2608, Washington, D.C. 20013-2608.

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# Bulletin Board

## This Issue at a Glance

### Individual Income Tax Returns, Preliminary Data, 2004

#### *Data Release*

For 2004, taxpayers filed 132.4 million U.S. individual income tax returns, an increase of 1.4 percent from the 130.6 million returns filed for 2003. For the second consecutive year, Adjusted Gross Income (AGI) rose, increasing by 8.9 percent to \$6.8 trillion for 2004. Tax Year 2004 had several other notable changes. Taxable income increased 10.6 percent to \$4.6 trillion, and alternative minimum tax rose 38.1 percent to \$12.1 billion. Income tax and total tax liabilities increased for the first time since Tax Year 2000; between 2003 and 2004, total income tax increased 10.7 percent to \$830.4 billion, and total tax liability increased 10.5 percent to \$870.3 billion. Other notable changes were: Statutory adjustments to total income increased 11.0 percent, from \$85.1 billion to \$94.5 billion; total deductions increased 6.7 percent to \$1,536.3 billion; and total tax credits used to offset income tax liabilities increased 25.0 percent to \$51.4 billion. The total earned income credit increased 3.8 percent to \$40.6 billion for Tax Year 2004.

### Individual Income Tax Rates and Shares, 2003

#### *by Kyle Mudry and Michael Parisi*

For Tax Year 2003, taxpayers filed 130.4 million returns, of which 88.9 million (or 68.2 percent) were classified as taxable returns. This represents a reduction of 2.2 percent in the number of taxable returns from 2002. Adjusted gross income (AGI) on these taxable returns rose 1.9 percent to \$5,747 billion, while total income tax fell 6.1 percent. This decrease in total income tax was attributable to the tax cuts implemented in the passage of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA). For the third year in a row, the average tax rate for taxable returns fell, decreasing 1.1 percentage points to 13.0 percent. The country's average tax rate had not been 13.0 percent or below since 1972. Also noteworthy is the large decline in total income tax of 23.7 percent, from the peak of \$981 billion for 2000 to \$748 billion for 2003.

Taxpayers with an AGI of at least \$295,495, the top 1 percent of taxpayers, accounted for 16.8 percent of total AGI, representing an increase in income share

of 0.7 percentage points from the previous year. These taxpayers accounted for 34.3 percent of the total income tax reported, an increase from 33.7 percent in 2002.

### Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

#### *by Margaret Riley*

During 2003 and 2004, tax-exempt organizations filed an estimated 35,103 Forms 990-T, *Exempt Organization Business Income Tax Returns*, for Tax Year 2002. Compared to Tax Year 2001, organizations reporting "unrelated business income" (UBI) filed only slightly fewer returns for 2002, but it was the fourth consecutive year for which filings of Form 990-T declined. From Tax Year 1998 to Tax Year 2002, the number of filings dropped 24.0 percent. After offsetting \$7.8 billion of total gross UBI with \$7.9 billion of total deductions, the resulting unrelated business taxable income (less deficit) for 2002 was \$-0.1 billion. Unrelated business taxable income (UBTI) and the associated unrelated business income tax (UBIT) decreased by 18.3 percent and 14.1 percent, respectively, from amounts reported for 2001. Between 1998 and 2002, UBTI and UBIT declined by a respective 61.2 percent and 61.6 percent.

This article contains analyses from two special studies of exempt-organization reporting quality on Forms 990, *Return of Organization Exempt from Income Tax*, and 990-T. The Form 990-T deductions allocation study measures the extent to which high-income organizations (those with gross UBI of \$500,000 or more) misreported specifically defined, itemized deduction components as "Other deductions" on Tax Year 2002 Forms 990-T. After allocation, the increase in the total amount of each specifically defined deduction category reported by high-income filers ranged from 3.1 percent to 44.7 percent. A second special study, comparing total unrelated business income (UBI) amounts reported on Forms 990 and 990-T, revealed that total UBI reported on nearly 4 out of every 10 Forms 990 could not be reconciled with total UBI reported on Form 990-T. The main reasons for this were twofold: some Form 990 filers reported a combination of gross and net taxable income that differed from the combination specified in the return form instructions; other filers did not report total UBI on Form 990 at all.

### **Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002**

*by William P. Jauquet*

Despite the increase in the number of large foreign-owned domestic corporations and related foreign persons engaged in transactions reported on Form 5472, the total value of transactions declined for 2002. The 737 large foreign-owned domestic corporations covered by these statistics received from related foreign persons \$166.7 billion, 37.2 percent less than for 2000; these domestic corporations paid related foreign persons \$353.6 billion, 26.4 percent less than for 2000. The decline in total amounts received and in total amounts paid can be traced to the drop in the value of transactions with related foreign persons from the United Kingdom and the Netherlands and can further be isolated to corporations in the finance and insurance sector.

Since the early 1980's, Congress and the IRS have required corporations to report certain related party transactions when one party is a U.S. corporation and the other is a foreign person. A small number of industrial sectors and countries dominate the statistics. Three industrial sectors were responsible for 79 percent of all foreign related persons and 92 percent of all nonloan transactions: wholesale trade, manufacturing, and finance and insurance. Wholesale trade had the second largest number of foreign related persons, 2,879 persons or 19.8 percent of the total, and supplanted finance and insurance as the sector with the largest amount of nonloan transactions, \$198.3 billion or 38.1 percent of the total receipts and payments. Related persons from five countries, Japan, the United Kingdom, Canada, Germany, and Switzerland, accounted for 67.9 percent of nonloan transactions.

### **Personal Wealth, 2001**

*by Barry W. Johnson and Brian G. Raub*

Using data derived from Federal estate tax returns, it is estimated that there were more than 7.3 million living individuals in the United States with gross assets of \$675,000 or more in 2001, representing about 3.5 percent of the total U.S. adult population in that year. These "top wealth holders" had a combined net worth of more than \$13.8 trillion, or 32.7 percent of total personal U.S. net worth. Almost 4.0 million, or 53.7 percent, of these wealthy individuals were male, and 3.4 million were female. The age, gender, and relative

wealth of top wealth holders impacted the composition of their portfolios. Women's portfolios contained a greater proportion of real estate and stock in public corporations than those of men. Conversely, men's portfolios were made up of proportionately more closely held stock, business assets, and retirement assets. For both males and females, the value of the personal residence made up smaller percentages in the portfolios of older top wealth holders than in portfolios held by younger individuals in the same wealth classes. Men in each wealth and age class had a higher ratio of debts to total assets than their female counterparts.

There was a significant increase in the number of U.S. citizens with net worth of \$1.0 million or more between 1998 and 2001. While the number of millionaires in each wealth class grew more rapidly than the overall U.S. population during this period, the growth rate in the number of millionaires with net worth of less than \$5 million was lower than the rate for millionaires with net worth of \$5 million or more. As in previous years, California was the State with the largest number of resident millionaires in 2001. However, Connecticut was the State with the greatest per capita concentration of millionaires. While the number of millionaires increased significantly over the period studied, estimates of the amount of wealth held by the top 1.0 and 0.5 percent of the U.S. population suggest that the overall concentration of wealth in the U.S. did not change significantly, and has, in fact, remained relatively constant for more than a decade.

### **Projections of Federal Tax Return Filings: Calendar Years 2005-2012**

*by Taukir Hussain*

Taxpayers are expected to file a grand total of 229.3 million tax returns with the Internal Revenue Service (IRS) during Calendar Year (CY) 2006. That projected level reflects a modest increase of only 0.1 percent over the estimated Calendar Year 2005 filings of 229.0 million. However, the small growth in grand total return filings in 2006 is a net effect that masks some rather dramatic shifts among certain return volumes. In particular, IRS efforts to reduce taxpayer burden will result in a noticeable decrease in filings of Form 941, *Employer's Quarterly Federal Tax Return*, and Form 2688, *Application for Additional Extension of Time To File U.S. Individual Income Tax Return*, returns during CY 2006. These drops, in turn, will

## Bulletin Board

serve to suppress the growth in total filings for 2006. After 2006, however, grand total return filings are projected to grow at a more typical average annual rate of 1.2 percent and to reach 246.8 million by 2012. Furthermore, over the forecast horizon, IRS is projected to continue to make solid gains in the share of total returns filed electronically. For example, under current trends, total individual electronic returns are estimated to be 51.3 percent of all individual income tax returns in 2005, 55.0 percent of all returns in 2006, and 70.3 percent in 2012.

### Behind the Scenes

#### 2005 Data Dissemination Update

The SOI Statistical Information Services (SIS) Office received nearly 2,300 direct requests for information in the 12-month period ending December 31, 2005.

About 1,128 requests (or 48.3 percent of the total) were by telephone. Some 49.1 percent of the requests were by e-mails or faxes, and about 2.6 percent of the requests were from letters or face-to-face meetings with “walk-in” visitors.

Who were the requesters we responded to in 2005? About 22.5 percent were consultants, 12.8 percent were other IRS offices, and 11.8 percent were private citizens. After these categories, the next most frequent requesters were: corporations (10.1 percent); universities (9.1 percent); media (7.6 percent); State and local governments (6.0 percent); Federal agencies (5.1 percent); and students (3.8 percent). The remaining requests came from nonprofit organizations; associations; law firms; accounting firms; Congress; banks; foreign government organizations or embassies; and public libraries, which together accounted for 11.2 percent of the total.

While overall, the level of direct requests has declined slightly for each of the past few years, Internet downloads appear to have been steadily increasing every year. The total number of downloads from “Tax Stats” ([www.irs.gov/taxstats](http://www.irs.gov/taxstats)) during 2005 was 3,820,777. This averaged 318,398 downloads per month, up from about 189,240 downloads per month in 2004. Over 46.7 percent of all downloads from Tax Stats are accounted for by two items--data on individuals and the *IRS Data Book*. About 1,110,087 downloads (or 29.1 percent of the grand total) were for



individual income tax return data, and 671,398 downloads (or 17.6 percent of the total) were for the *IRS Data Book*. As always, all data are provided free from any identifying information, since we are prohibited by

law from releasing names or data for specific taxpayers.

We are pleased to be able to provide information services to our customers. By all means, call or write us, or visit our Web site address (<http://www.irs.gov/taxstats/index.html>).

Sometimes, we receive requests for IRS data other than SOI's. If we have the data or know who has, we will make every effort to help the requester.

In fact, according to the third Statistical Information Services (SIS) Customer Satisfaction Survey, the SIS office has maintained its overall customer satisfaction level at about 91.6 percent for 2005. We are continuing the survey in 2006 and will provide an update in a future issue.



### What's New

#### Corporation Source Book, 2000, Is Now Online

<<http://www.irs.gov/taxstats/bustaxstats/article/0,,id=149687,00.html>>

Data tables from the Tax Year 2000 *Corporation Source Book of Statistics of Income* (Publication 1053), which was originally published in 2003, are now available in Excel

spreadsheets for viewing or downloading from Tax Stats at the IRS.gov Web site. These tables present detailed income statement, balance sheet, tax, and selected items, by industrial sector, and major and minor industrial groups. For each industrial group, the data are further classified by size of total assets. Data are presented for all corporate returns and for those returns with net income. Separate statistics on S corporations are also included by industrial sector and asset size. Data from the Tax Years 2001-2003 *Corporation Source Book* publications will be available later this year. Tax Stats contains other statistics from corporation income tax returns <<http://www.irs.gov/taxstats/bustaxstats/article/0,,id=97145,00.html>>, as





well as statistics from other types of entities <<http://www.irs.gov/taxstats/index.html>> (e.g., individuals, exempt organizations, and partnerships).

### 2005 IRS Data Book

The 2005 *IRS Data Book* is a statistical snapshot of IRS operations. The 33 tables in the report include information about returns filed, tax collections, and refunds; examination coverage; delinquency and collection activity; appeals; criminal investigation; employee plan and tax-exempt organization information; taxpayer assistance; information reporting; taxpayer contact information; penalties; Chief Counsel activities; and administrative costs and personnel summaries. The 62-page report also includes lists of key officials and an organizational chart. The report (in Adobe Acrobat PDF) and tables (in Microsoft Excel) appear on the IRS Web site ([www.irs.gov/taxstats](http://www.irs.gov/taxstats)), under Products, Publications, & Papers, *IRS Data Books*.

### The IRS Research Bulletin

This 291-page volume presents selected papers from each of the six conference sessions from the fourth annual IRS Research Conference, which was held on June 7-8, 2005, in Washington, DC, and was sponsored by the Office of Research, Analysis, and Statistics. The sessions include new estimates of individual income tax compliance; indirect measures of compli-



ance; taxpayer compliance burden; use of tax administration resources; influencing voluntary compliance behavior; and understanding barriers to compliance and participation. The 16 papers in the report are available on the IRS Web site (<http://www.irs.gov/taxstats/productsandpubs/article/0,,id=130103,00.html>).

For ordering instructions or questions regarding these publications and any other SOI data, call the SOI Statistical Information Services office at (202) 874-0410, fax (202) 874-0964, or e-mail at [sis@irs.gov](mailto:sis@irs.gov).

### Upcoming Features

The following articles or data releases are tentatively planned for inclusion in the Spring 2006 issue of the *Statistics of Income Bulletin* scheduled to be published in June 2006:

- High-Income Tax Returns, 2003;
- S Corporation Returns, 2003;
- Split-Interest Trusts, 2003;
- Controlled Foreign Corporations, 2002;
- Individual Retirement Accounts for Tax Years 2001 and 2002; and
- Noncash Charitable Contributions by Individuals (Form 8283), Tax Year 2003.

# Individual Income Tax Returns, Preliminary Data, 2004

## Data Release

**F**or 2004, taxpayers filed 132.4 million U.S. individual income tax returns, an increase of 1.4 percent from the 130.6 million returns filed for 2003. For the second consecutive year, Adjusted Gross Income (AGI) rose, increasing by 8.9 percent to \$6.8 trillion for 2004. Tax Year 2004 had several other notable changes. Taxable income increased 10.6 percent to \$4.6 trillion, and alternative minimum tax rose 38.1 percent to \$12.1 billion. Total income tax, which declined for 2003, increased for 2004 by 10.7 percent to \$830.4 billion, and total tax liability rose by 10.5 percent to \$870.3 billion.

Figure A shows that the largest component of AGI, salaries and wages, increased 6.0 percent to \$4,977.9 billion for Tax Year 2004, while the next largest component of AGI, net capital gains, rose by 53.2 percent to \$442.1 billion. Other income items with notable percentage changes included capital gain distributions (part of net capital gains), which more than tripled from \$4.7 billion for 2003 to \$15.3 billion for 2004, partnership net income, which increased by 18.0 percent to \$355.5 billion, and dividends, which increased 22.1 percent to \$135.4 billion. Of this dividend total, about 75.6 percent were reported as qualified dividends. Qualified dividends, which receive preferential tax rates, were reported on 24.5 million returns and totaled \$102.3 billion, an increase of 29.2 percent. For 2004, taxable pensions and annuities, the third largest income item, rose 5.5 percent to \$399.3 billion. The other items related to retirement, taxable IRA distributions and taxable Social Security benefits, also rose for 2004, by 15.1 percent and 12.8 percent, respectively. Declining income items were led by unemployment compensation at \$32.7 billion, falling by 25.9 percent from its 2003 level. Both taxable interest and State income tax refunds also decreased (3.6 percent and 3.1 percent, respectively) from Tax Year 2003.

Statutory adjustments to total income increased 11.0 percent to \$94.5 billion for Tax Year 2004. The largest statutory adjustment was the deduction for self-employment tax, representing 21.3 percent of the total. This adjustment to income increased 6.1 percent to \$20.1 billion. Payments to self-employed

retirement (Keogh) plans rose 6.4 percent to \$18.0 billion, while deductible contributions to an Individual Retirement Arrangement (IRA) increased 0.7 percent to \$10.2 billion. The deduction for tuition and fees increased 58.5 percent to \$10.7 billion and reflects an increase in the maximum adjustment allowed from \$3,000 to \$4,000 and an expansion of the AGI limitation for taking this adjustment (see Changes in Law section for details). Tax Year 2004 law changes also added line item adjustments to income for taxpayers who contributed to a health savings account and certain expenses for members of the National Guard or reserve members (see Changes in Law section for details). Over 88,000 taxpayers made payments to a qualified health savings account allowing for an adjustment of \$0.2 billion. Combining these new accounts with the remaining medical savings accounts, the total number of individual taxpayers taking advantage of medical accounts increased by 87.5 percent with adjustments more than double those taken for just medical savings accounts for 2003.

Total deductions, the sum of the standard deductions and total itemized deductions (after limitation), equaled \$1,536.3 billion, an increase of 6.7 percent from Tax Year 2003. The number of returns claiming the standard deductions decreased 0.6 percent, accounting for 63.7 percent of all returns filed and 36.7 percent of the total deductions amount. Mostly due to inflation indexing, the average standard deduction (comprised of the basic and additional standard deductions) increased 1.7 percent from \$6,579 for 2003 to \$6,690 for 2004. Itemized deductions were claimed on 34.9 percent of all returns filed for 2004 and represented 63.3 percent of the total deductions amount [1]. The average total for itemized deductions (after limitation) was \$21,038, a 4.8-percent increase from the 2003 average of \$20,076. Due to the AGI limitation on itemized deductions, 5.7 million higher-income taxpayers were unable to deduct \$34.9 billion in itemized deductions, an increase of 24.6 percent from 2003. The taxes paid deduction was the largest deduction, comprising 35.6 percent of total itemized deductions (before limitation). For 2004, it increased 16.5 percent to \$357.9 billion. This increase was partially due to a change in law that allowed taxpayers to elect whether to deduct State and local general sales taxes instead of State and

*This data release was written by Brian Balkovic, an economist with the Individual Returns Analysis Section, under the direction of Jeff Hartzok, Chief.*

# Individual Income Tax Returns, Preliminary Data, 2004

**Figure A**

## Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2003 and 2004

[Money amounts are in thousands of dollars]

Item	2003	2004	Percentage change
	(1)	(2)	(3)
<b>Number of returns, total.....</b>	<b>130,571,319</b>	<b>132,384,919</b>	<b>1.4</b>
Form 1040 returns.....	80,193,301	80,278,569	0.1
Form 1040A returns.....	29,827,251	30,878,413	3.5
Form 1040EZ returns <sup>1</sup> .....	20,550,767	21,227,937	3.3
Electronically-filed returns <sup>1,2</sup> .....	62,180,894	69,455,931	11.7
<b>Adjusted gross income (less deficit).....</b>	<b>6,212,974,067</b>	<b>6,764,907,485</b>	<b>8.9</b>
Salaries and wages:			
Number of returns.....	111,350,057	112,857,828	1.4
Amount.....	4,696,501,144	4,977,868,690	6.0
Taxable interest:			
Number of returns.....	59,591,835	57,675,120	-3.2
Amount.....	115,682,836	111,561,113	-3.6
Tax-exempt interest: <sup>3</sup>			
Number of returns.....	4,525,688	4,386,097	-3.1
Amount.....	51,795,259	49,837,939	-3.8
Ordinary dividends:			
Number of returns.....	30,450,215	30,612,466	0.5
Amount.....	110,863,179	135,353,804	22.1
Qualified dividends:			
Number of returns.....	22,470,605	24,544,754	9.2
Amount.....	79,229,288	102,348,349	29.2
State income tax refunds:			
Number of returns.....	24,748,822	23,700,194	-4.2
Amount.....	22,170,414	21,484,401	-3.1
Alimony received:			
Number of returns.....	427,110	437,246	2.4
Amount.....	6,095,856	6,830,125	12.0
Business or profession net income:			
Number of returns.....	14,407,862	15,011,873	4.2
Amount.....	261,375,371	280,499,096	7.3
Business or profession net loss:			
Number of returns.....	4,990,662	5,201,188	4.2
Amount.....	38,380,163	41,915,266	9.2
Net capital gain: <sup>4</sup>			
Number of returns.....	10,085,562	13,651,337	35.4
Amount.....	288,629,772	442,095,059	53.2
Capital gain distributions: <sup>4</sup>			
Number of returns.....	7,311,132	10,799,132	47.7
Amount.....	4,726,887	15,324,930	224.2
Net capital loss:			
Number of returns.....	12,808,729	11,493,985	-10.3
Amount.....	28,921,930	25,454,976	-12.0
Sales of property other than capital assets, net gain:			
Number of returns.....	784,336	827,819	5.5
Amount.....	7,521,982	9,311,122	23.8
Sales of property other than capital assets, net loss:			
Number of returns.....	902,097	848,226	-6.0
Amount.....	7,048,185	6,665,222	-5.4
Taxable Individual Retirement Arrangement distributions:			
Number of returns.....	8,677,735	9,015,362	3.9
Amount.....	88,599,170	102,003,408	15.1
Taxable pensions and annuities:			
Number of returns.....	23,058,944	23,344,955	1.2
Amount.....	378,632,948	399,311,044	5.5
Rent and royalty net income:			
Number of returns.....	5,582,974	5,604,092	0.4
Amount.....	64,468,069	67,955,009	5.4
Rent and royalty net loss:			
Number of returns.....	4,838,985	4,954,924	2.4
Amount.....	37,999,493	42,898,818	12.9

Footnotes at end of figure.



# Individual Income Tax Returns, Preliminary Data, 2004

**Figure A--Continued**

## Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2003 and 2004--Continued

(Money amounts are in thousands of dollars)

Item	2003	2004	Percentage change
	(1)	(2)	(3)
Partnership and S corporation net income:			
Number of returns.....	4,139,385	4,391,303	6.1
Amount.....	301,171,011	355,465,300	18.0
Partnership and S corporation net loss:			
Number of returns.....	2,371,920	2,268,094	-4.4
Amount.....	56,220,101	57,536,319	2.3
Estate and trust net income:			
Number of returns.....	460,487	478,444	3.9
Amount.....	11,494,374	13,051,086	13.5
Estate and trust net loss:			
Number of returns.....	29,622	31,176	5.2
Amount.....	562,851	630,041	11.9
Farm net income:			
Number of returns.....	595,750	591,038	-0.8
Amount.....	7,560,081	7,830,456	3.6
Farm net loss:			
Number of returns.....	1,402,196	1,414,985	0.9
Amount.....	19,513,364	19,894,553	3.6
Unemployment compensation:			
Number of returns.....	10,133,305	9,154,275	-9.7
Amount.....	44,185,367	32,740,408	-25.9
Taxable Social Security benefits:			
Number of returns.....	11,098,826	11,825,356	6.5
Amount.....	99,080,506	111,778,572	12.8
<b>Total statutory adjustments:</b>			
Number of returns.....	30,352,239	32,069,452	5.7
Amount.....	85,137,579	94,479,216	11.0
Educator expenses:			
Number of returns.....	3,275,128	3,437,540	5.0
Amount.....	813,913	865,467	6.3
Certain business expenses of reservists, performing artists, and fee-basis government officials:			
Number of returns.....	N/A	100,047	N/A
Amount.....	N/A	243,988	N/A
Payments to an Individual Retirement Arrangement:			
Number of returns.....	3,462,006	3,379,417	-2.4
Amount.....	10,166,576	10,239,186	0.7
Student loan interest deduction:			
Number of returns.....	7,031,160	7,604,016	8.1
Amount.....	4,470,823	4,438,098	-0.7
Tuition and fees deduction:			
Number of returns.....	3,603,729	4,738,193	31.5
Amount.....	6,737,825	10,677,851	58.5
Health savings account deduction:			
Number of returns.....	N/A	88,110	N/A
Amount.....	N/A	180,186	N/A
Medical savings account deduction:			
Number of returns.....	63,450	30,883	-51.3
Amount.....	119,800	63,086	-47.3
Moving expenses adjustment:			
Number of returns.....	1,029,309	1,086,965	5.6
Amount.....	2,483,169	2,922,985	17.7
Self-employment tax deduction:			
Number of returns.....	15,253,702	15,763,127	3.3
Amount.....	18,986,750	20,148,573	6.1
Self-employed health insurance deduction:			
Number of returns.....	3,658,160	3,699,187	1.1
Amount.....	15,569,662	17,270,521	10.9
Payments to a self-employed retirement (Keogh) plan:			
Number of returns.....	1,193,324	1,171,091	-1.9
Amount.....	16,899,066	17,982,632	6.4
Penalty on early withdrawal of savings:			
Number of returns.....	734,368	792,543	7.9
Amount.....	153,102	216,830	41.6

Footnotes at end of figure.

# Individual Income Tax Returns, Preliminary Data, 2004

**Figure A--Continued**

## Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2003 and 2004--Continued

(Money amounts are in thousands of dollars)

Item	2003	2004	Percentage change
	(1)	(2)	(3)
Alimony paid:			
Number of returns.....	582,671	562,882	-3.4
Amount.....	7,303,956	8,131,749	11.3
Other adjustments:			
Number of returns.....	279,197	189,344	-32.2
Amount.....	1,351,096	1,033,299	-23.5
<b>Total deductions:</b>			
Number of returns.....	128,796,092	130,572,217	1.4
Amount.....	1,439,376,664	1,536,262,023	6.7
Total standard deduction:			
Number of returns.....	84,934,121	84,384,089	-0.6
Amount.....	558,823,272	564,559,557	1.0
Basic standard deduction:			
Number of returns.....	84,934,121	84,384,089	-0.6
Amount.....	542,758,782	548,505,579	1.1
Additional standard deduction:			
Number of returns.....	11,335,359	11,118,473	-1.9
Amount.....	16,064,490	16,053,978	-0.1
<b>Total itemized deductions (after limitation):</b>			
Number of returns.....	43,861,971	46,188,128	5.3
Amount.....	880,553,392	971,702,466	10.4
Itemized deductions in excess of limitation:			
Number of returns.....	5,237,245	5,719,877	9.2
Amount.....	28,010,193	34,892,605	24.6
Medical and dental expenses deduction:			
Number of returns.....	8,630,911	9,458,334	9.6
Amount.....	55,003,108	61,292,493	11.4
Taxes paid deduction:			
Number of returns.....	42,996,756	45,870,333	6.7
Amount.....	307,102,902	357,908,694	16.5
State and local taxes: <sup>5</sup>			
Number of returns.....	36,020,843	44,665,865	24.0
Amount.....	180,625,363	217,157,045	20.2
Interest paid deduction:			
Number of returns.....	36,105,945	37,961,584	5.1
Amount.....	331,988,244	345,937,522	4.2
Charitable contributions deduction:			
Number of returns.....	38,642,066	40,594,576	5.1
Amount.....	139,666,085	156,200,064	11.8
<b>Taxable income:</b>			
Number of returns.....	101,669,737	102,915,892	1.2
Amount.....	4,202,698,688	4,649,039,200	10.6
Alternative minimum tax:			
Number of returns.....	2,379,473	3,132,706	31.7
Amount.....	8,737,246	12,062,016	38.1
<b>Income tax before credits:</b>			
Number of returns.....	101,686,410	102,922,519	1.2
Amount.....	791,129,805	881,808,770	11.5
<b>Total tax credits: <sup>6</sup></b>			
Number of returns.....	41,219,145	41,868,743	1.6
Amount.....	41,108,685	51,389,855	25.0
Child care credit:			
Number of returns.....	6,340,695	6,400,794	0.9
Amount.....	3,222,404	3,380,224	4.9
Credit for the elderly or disabled:			
Number of returns.....	125,555	107,271	-14.6
Amount.....	20,600	18,292	-11.2
Child tax credit:			
Number of returns.....	25,741,752	26,070,095	1.3
Amount.....	22,815,814	32,426,392	42.1

Footnotes at end of figure.

# Individual Income Tax Returns, Preliminary Data, 2004

**Figure A--Continued**

## Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2003 and 2004--Continued

(Money amounts are in thousands of dollars)

Item	2003	2004	Percentage change
	(1)	(2)	(3)
Education tax credits:			
Number of returns.....	7,358,503	7,253,234	-1.4
Amount.....	5,900,877	6,076,920	3.0
Retirement savings contributions credit:			
Number of returns.....	5,383,851	5,361,813	-0.4
Amount.....	1,053,786	1,026,889	-2.6
Adoption credit:			
Number of returns.....	62,749	69,673	11.0
Amount.....	319,185	299,669	-6.1
Foreign tax credit:			
Number of returns.....	4,146,797	4,696,787	13.3
Amount.....	5,014,266	5,754,318	14.8
General business credit:			
Number of returns.....	239,664	230,905	-3.7
Amount.....	510,617	507,705	-0.6
Prior year minimum tax credit:			
Number of returns.....	238,477	262,159	9.9
Amount.....	882,136	842,683	-4.5
Self-employment tax:			
Number of returns.....	15,253,702	15,763,127	3.3
Amount.....	37,965,977	40,289,242	6.1
<b>Total earned income credit (EIC):</b>			
Number of returns.....	22,233,971	22,479,207	1.1
Amount.....	39,124,190	40,616,952	3.8
EIC used to offset income tax before credits:			
Number of returns.....	3,642,470	2,988,349	-18.0
Amount.....	936,451	772,269	-17.5
EIC used to offset other taxes:			
Number of returns.....	4,429,878	4,680,510	5.7
Amount.....	3,745,552	4,045,464	8.0
Excess EIC, refundable portion:			
Number of returns.....	19,382,974	19,674,899	1.5
Amount.....	34,442,188	35,799,219	3.9
Additional child tax credit:			
Number of returns.....	12,627,142	14,609,435	15.7
Amount.....	9,131,488	14,523,694	59.1
<b>Total income tax:</b>			
Number of returns.....	89,103,880	89,206,556	0.1
Amount.....	750,024,250	830,419,041	10.7
<b>Total tax liability:</b>			
Number of returns.....	92,542,668	92,817,241	0.3
Amount.....	787,833,443	870,346,902	10.5

N/A--Not applicable.

<sup>1</sup> Includes TeleFile returns.

<sup>2</sup> Included in data for Forms 1040, 1040A, and 1040EZ.

<sup>3</sup> Not included in adjusted gross income.

<sup>4</sup> Includes capital gain distributions reported on Form 1040 and Schedule D.

<sup>5</sup> For 2004, State and local taxes are the total of both income taxes and general sales taxes.

<sup>6</sup> Includes EIC used to offset income tax before credits, shown separately later in this figure.

NOTE: Detail may not add to totals because of rounding.

local income taxes (see Changes in Law section for details). This allowed individuals in States without income taxes to deduct sales taxes. An estimated 11.1 million taxpayers took advantage of this, deducting \$17.3 billion. Thus, for 2004, some 24.0 percent

more taxpayers took a deduction for State and local taxes, and the total amount of this deduction increased 20.2 percent. The interest paid deduction, accounting for 34.4 percent of the total (before limitation), increased 4.2 percent to \$345.9 billion.

## Individual Income Tax Returns, Preliminary Data, 2004

The charitable contributions deduction increased 11.8 percent to \$156.2 billion.

Total tax credits used to offset income tax liabilities increased 25.0 percent to \$51.4 billion. Most of this change is due to an increase in the child tax credit. About 26.1 million taxpayers claimed \$32.4 billion in child tax credits, up 42.1 percent from the \$22.8 billion for 2003. The principal reason for this increase was that, although this credit was increased from \$600 per eligible child for 2002 to \$1,000 per child for 2003, most taxpayers received the \$400 per child increase for 2003 as a rebate, which was not shown on 2003 tax returns or in our 2003 estimates. The additional child tax credit (a refundable part of the child tax credit) increased by 59.1 percent to \$14.5 billion for 2004. This sizable increase, as with the child tax credit, was due both to the rebate not being part of our 2003 statistics and changes in the law expanding this refundable credit limit to 15 percent of earned income over a prescribed earnings amount from 10 percent for 2003 (see Changes in Law section for details). The combined \$47.0 billion of the child tax credit and the additional child tax credit were greater than the \$40.6 billion of EIC (see below). Other percentage increases for major tax credits were much smaller. For instance, the education tax credits rose by 3.0 percent to \$6.1 billion, and the child care credit increased by 4.9 percent to \$3.4 billion. The foreign tax credit, however, had a large percentage increase, rising 14.8 percent to \$5.8 billion.

The total earned income credit (EIC) increased 3.8 percent to \$40.6 billion for Tax Year 2004. The portion of the EIC used to offset income tax before credits decreased 17.5 percent to \$0.8 billion, and the portion of the EIC used to offset other taxes (such as the self-employment tax) rose 8.0 percent to \$4.0 billion. The largest part of the EIC, the refundable portion, was treated as a refund and paid directly to taxpayers who had no tax liability against which to apply the credit. The refundable portion of the EIC increased 3.9 percent to \$35.8 billion for 2004.

The comparisons of data for Tax Years 2003 and 2004 in this article are based on the preliminary estimates for both years. A few income and tax items tend to be understated in preliminary estimates; therefore, comparisons based on preliminary estimates for one year and final estimates for the previous year could be misleading. Comparisons based entirely on preliminary estimates reduce the likelihood

of misinterpretation of the data and afford a more accurate representation of year-to-year changes. For 2004 preliminary statistics, population estimates were based on projections that included taxpayers eligible for further extensions due to hurricanes Katrina, Rita, and Wilma. It was assumed that those returns not filed already from these areas would be filed by the end of Tax Year 2004. Final statistics for Tax Year 2003 are available in the Fall 2005 issue of the *Bulletin*.

### Changes in Law

In general, the definitions used in this article are the same as those in *Statistics of Income--2003, Individual Income Tax Returns*. The following is a partial list of tax law and Internal Revenue Service administrative changes that had a major bearing on the Tax Year 2004 preliminary data presented in this article.

*Additional Child Tax Credits.*--Modifications were made to the additional child tax credit for 2004. In Tax Year 2003, the credit limit based on earned income was 10 percent of a taxpayer's earned income that exceeded \$10,500. For 2004, the limit increased to 15 percent of a taxpayer's earned income that exceeds \$10,750. Members of the U.S. Armed Forces who served in a combat zone were able to include their nontaxable combat pay as earned income when figuring this credit limit (See Nontaxable Combat Pay for more information).

*Alternative Minimum Tax (AMT).*--For Tax Year 2004, the minimum exemption amount for a child under age 14 increased to \$5,750 from \$5,600 for 2003.

*Certain Business Expenses of Reservists.*--For 2004, National Guard or reserve members who traveled more than 100 miles from home to perform services as a National Guard or reserve member were allowed to take a line item deduction in the form of adjustment to income for certain expenses.

*Earned Income Credit.*--The maximum amount of the earned income credit increased, as did the amounts of earned income and investment income an individual could have and still claim the credit. The maximum amount of investment income (interest, dividends, and capital gain income) a taxpayer could have and still claim the credit increased to \$2,650 from \$2,600. The maximum credit for taxpayers with no qualifying children increased to \$382 from \$390. For these taxpayers, earned income and AGI had to be less than \$11,490 (\$12,490 if married filing jointly)

## Individual Income Tax Returns, Preliminary Data, 2004

to get any EIC. For taxpayers with one qualifying child, the maximum credit increased \$57 to \$2,604, and, for taxpayers with two or more qualifying children, the maximum credit increased to \$4,300 from \$4,204. To be eligible for the credit, a taxpayer's earned income and AGI had to be less than \$30,338 (\$31,338 for married filing jointly) for one qualifying child, or less than \$34,458 (\$35,458 for married filing jointly) for two or more qualifying children. Taxpayers who served in the U.S. Armed Forces in a combat zone may have been eligible to include their nontaxable combat pay in earned income when figuring the EIC. (See Nontaxable Combat Pay for more information.)

*Health Savings Account Deduction.*--For Tax Year 2004, an "above-the-line" deduction was available for contributions to Health Savings Accounts made by April 15, 2005. The deduction was limited to the annual deductible on the qualifying high deductible health plan, but not more than \$2,600 (\$5,150, if family coverage). These limits were \$500 higher if the taxpayer was age 55 or older (\$1,000 if both spouses were 55 or older). A taxpayer could not contribute to an HSA starting the first month he or she was enrolled in Medicare.

*Indexing.*--The following items increased due to indexing for inflation: personal exemption amounts, the basic standard deduction amounts, the tax bracket boundaries, and the beginning income amounts for limiting certain itemized deductions and for the phase-out of personal exemptions. The maximum amount of earnings subject to self-employment tax increased based on the percentage change in average covered earnings.

*Individual Retirement Arrangement Deduction.*--For 2004, the modified AGI thresholds increased allowing for more taxpayers to deduct contributions to individual retirement plans. For a taxpayer or for taxpayers filing jointly, both taxpayers were able to take an IRA deduction up to \$3,000 (\$3,500 if age 50 or older) if covered by a retirement plan and their modified AGI was less than \$55,000 (\$75,000 if married filing jointly or qualifying widow(er)). This was up from the \$50,000 (\$70,000 if married filing jointly or qualifying widow(er)) set for 2003.

*Limit on Itemized Deductions Increased.*--If adjusted gross income was above a certain amount, certain itemized deductions were limited. For 2004,

the AGI threshold for limitations increased to \$142,700 (\$71,350 if married filing separately). For 2003, the amount was \$139,500 (\$69,750 if married filing separately).

*Nontaxable Combat Pay.*--For Tax Year 2004, members of the U.S. Armed Forces who served in a combat zone could exclude certain pay from their incomes. These qualified individual's entitlement to the pay must have fully accrued in a month during which they served in a combat zone or were hospitalized as a result of wounds, disease, or injury incurred while serving in the combat zone. However, this nontaxable pay could be used to gain benefits for both EIC and additional child tax credit purposes.

*Sales Tax Deductions.*--For Tax Year 2004, taxpayers could elect to deduct State and local general sales taxes instead of State and local income taxes as an itemized deduction on Schedule A.

*Tuition and Fees Deduction.*--A taxpayer was able to deduct up to \$4,000 of the qualified tuition and fees paid for himself, herself, a spouse, or dependents if the taxpayer's modified AGI was under \$65,000 (\$130,000 if married filing jointly), or up to \$2,000 if the individual's AGI was higher than that limit but not more than \$80,000 (\$160,000 if married filing jointly). For 2003, the maximum deduction was \$3,000, and no adjustments were allowed if modified AGI's were above the \$65,000 (\$130,000, if married filing jointly) limits cited above. This deduction could not be taken if the person could be claimed as a dependent on another taxpayer's return or if they claimed the education credit for the same student.

### Data Sources and Limitations

The preliminary statistics in this data release are based on a sample of individual income tax returns (Forms 1040, 1040A, and 1040EZ including electronically-filed returns) filed during Calendar Year 2005. Returns in the sample were stratified based on: (1) the larger of positive income or negative income; (2) the size of business and farm receipts; (3) the presence or absence of specific forms or schedules; and (4) the usefulness of returns for Treasury Department tax modeling purposes [2]. Returns were then selected at rates ranging from 0.05 percent to 100 percent. The preliminary Tax Year 2004 data are based on a sample of 159,064 returns and an estimated final population of 133,061,898 returns. The corresponding sample and population



## Individual Income Tax Returns, Preliminary Data, 2004

for the preliminary 2003 data were 148,908 and 131,316,806 returns, respectively.

Since the data presented here are estimates based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known; coefficients of variation (CV's) are used to measure that magnitude. The reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of estimates based on samples, are discussed in the appendix to this issue of the *Bulletin*.

While the preliminary estimates are intended to represent a full year of taxpayer reporting, they are actually based on returns processed for tax administration purposes, in the case of 2004 returns, between January and late September of 2005. In general, returns processed during the remainder of each year tend to have somewhat different characteristics

compared to returns processed earlier. These characteristics include, for example, disproportionately large amounts of investment income, passive losses, and alternative minimum tax.

### Notes and References

- [1] The remaining 1.4 percent of the returns did not need to claim either a standard deduction or itemized deductions because no AGI was reported.
- [2] Returns in the sample were stratified based on the presence or absence of one or more of the following forms or schedules: Form 2555, *Foreign Earned Income*; Form 1116, *Foreign Tax Credit (Individual, Fiduciary, or Non-resident Alien Individual)*; Schedule C, *Profit or Loss From Business (Sole Proprietorship)*; and Schedule F, *Profit or Loss From Farming*.

# Individual Income Tax Returns, Preliminary Data, 2004

**Table 1.--Individual Income Tax Returns, Tax Year 2004 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Item	All returns	Size of adjusted gross income					
		Under \$15,000 <sup>1</sup>	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns, total.....</b>	<b>132,384,919</b>	<b>37,315,393</b>	<b>29,580,707</b>	<b>24,536,044</b>	<b>28,195,618</b>	<b>9,750,175</b>	<b>3,006,981</b>
Form 1040 returns.....	80,278,569	14,837,267	12,915,895	15,473,863	24,375,671	9,668,892	3,006,981
Form 1040A returns.....	30,878,413	10,128,132	11,415,034	6,323,193	2,939,019	73,032	—
Form 1040EZ returns <sup>2</sup> .....	21,227,937	12,349,997	5,249,778	2,738,988	880,928	8,250	—
Electronically-filed returns <sup>2,3</sup> .....	69,455,931	18,350,568	17,195,753	13,516,282	14,817,456	4,552,454	1,023,419
<b>Adjusted gross income (less deficit).....</b>	<b>6,764,907,485</b>	<b>200,248,363</b>	<b>650,044,283</b>	<b>957,782,969</b>	<b>1,984,569,072</b>	<b>1,291,061,589</b>	<b>1,681,201,208</b>
Salaries and wages:							
Number of returns.....	112,857,828	28,479,168	25,157,239	22,008,839	25,668,174	8,937,370	2,607,041
Amount.....	4,977,868,690	218,024,951	521,575,828	794,757,361	1,610,379,318	1,001,056,893	832,074,342
Taxable interest:							
Number of returns.....	57,675,120	9,438,614	8,532,352	10,374,988	18,285,202	8,194,568	2,849,393
Amount.....	111,561,113	10,683,555	11,036,824	11,863,957	23,352,887	17,857,910	36,765,982
Tax-exempt interest: <sup>4</sup>							
Number of returns.....	4,386,097	434,379	431,680	547,714	1,153,420	955,514	863,388
Amount.....	49,837,939	2,130,598	2,399,931	3,508,897	7,625,400	9,324,432	24,848,679
Ordinary dividends:							
Number of returns.....	30,612,466	4,920,682	3,860,887	4,582,107	9,413,289	5,426,961	2,408,540
Amount.....	135,353,804	6,911,921	7,291,443	9,229,670	22,306,657	23,717,523	65,896,587
Qualified dividends:							
Number of returns.....	24,544,754	3,809,990	2,906,452	3,583,225	7,477,784	4,575,742	2,191,560
Amount.....	102,348,349	3,735,855	4,099,473	5,849,171	14,890,047	17,504,713	56,269,093
State income tax refunds:							
Number of returns.....	23,700,194	685,358	1,808,665	4,501,828	10,640,395	4,852,829	1,211,118
Amount.....	21,484,401	446,162	866,139	2,476,587	7,735,103	5,091,428	4,868,985
Alimony received:							
Number of returns.....	437,246	71,531	123,210	131,118	89,646	14,777	6,963
Amount.....	6,830,125	477,101	948,966	1,690,757	2,113,211	633,927	966,162
Business or profession net income:							
Number of returns.....	15,011,873	4,530,537	2,749,591	2,277,314	3,355,912	1,479,462	619,053
Amount.....	280,499,096	30,797,047	32,717,462	32,886,399	59,947,290	56,223,050	67,927,848
Business or profession net loss:							
Number of returns.....	5,201,188	977,510	877,992	1,030,907	1,557,626	568,343	188,809
Amount.....	41,915,266	12,627,949	6,181,613	6,235,633	8,090,799	4,338,205	4,441,065
Net capital gain reported on Schedule D:							
Number of returns.....	10,749,057	1,342,037	1,260,839	1,531,168	3,236,416	2,152,866	1,225,734
Amount.....	440,133,546	7,992,421	5,180,883	7,496,052	29,121,318	48,310,482	342,032,392
Capital gain distributions reported on Form 1040:							
Number of returns.....	2,902,280	551,212	363,382	448,043	957,356	472,545	109,744
Amount.....	1,961,513	332,160	208,073	225,730	674,636	366,935	153,978
Net capital loss:							
Number of returns.....	11,493,985	2,208,031	1,273,841	1,646,593	3,265,873	2,067,067	1,032,579
Amount.....	25,454,976	4,993,660	2,792,443	3,485,037	6,878,576	4,663,875	2,641,386
Sales of property other than capital assets, net gain:							
Number of returns.....	827,819	109,814	113,263	115,765	218,822	134,186	135,971
Amount.....	9,311,122	948,399	653,455	800,897	1,816,871	1,693,670	3,397,829
Sales of property other than capital assets, net loss:							
Number of returns.....	848,226	124,257	93,121	91,596	212,494	149,099	177,661
Amount.....	6,665,222	2,936,287	318,105	313,918	680,336	645,586	1,770,990
Taxable Individual Retirement Arrangement distributions:							
Number of returns.....	9,015,362	1,545,120	1,925,656	1,720,337	2,544,501	987,607	292,142
Amount.....	102,003,408	6,664,030	11,299,307	14,077,431	34,026,366	22,823,632	13,112,640
Taxable pensions and annuities:							
Number of returns.....	23,344,955	4,188,960	5,045,382	4,551,204	6,641,522	2,304,839	613,050
Amount.....	399,311,044	26,873,760	59,772,814	72,823,746	145,895,609	69,216,046	24,729,067
Rent and royalty net income:							
Number of returns.....	5,604,092	834,367	811,533	887,610	1,589,540	909,222	571,819
Amount.....	67,955,009	4,310,312	4,505,945	5,485,035	13,127,986	12,846,196	27,679,533
Rent and royalty net loss:							
Number of returns.....	4,954,924	626,762	625,745	858,766	1,688,829	808,231	346,590
Amount.....	42,898,818	6,351,201	4,056,866	6,411,720	12,952,536	6,852,429	6,274,067
Partnership and S corporation net income:							
Number of returns.....	4,391,303	329,532	401,445	501,432	1,172,993	994,748	991,152
Amount.....	355,465,300	3,167,281	4,046,640	7,177,599	22,632,779	40,657,283	277,783,717

Footnotes at end of table.

# Individual Income Tax Returns, Preliminary Data, 2004

**Table 1.--Individual Income Tax Returns, Tax Year 2004 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	All returns	Size of adjusted gross income					
		Under \$15,000 <sup>1</sup>	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Partnership and S corporation net loss:							
Number of returns.....	2,268,094	432,904	216,853	284,093	639,431	426,326	268,487
Amount.....	57,536,319	24,873,329	1,844,972	2,709,060	6,010,428	5,745,258	16,353,272
Estate and trust net income:							
Number of returns.....	478,444	61,036	47,133	73,840	129,769	96,988	69,678
Amount.....	13,051,086	285,782	238,808	510,928	1,316,689	1,889,351	8,809,528
Estate and trust net loss:							
Number of returns.....	31,176	5,773	3,687	2,001	4,792	7,026	7,895
Amount.....	630,041	277,666	17,860	979	2,740	43,515	287,283
Farm net income:							
Number of returns.....	591,038	144,953	95,547	113,233	168,350	46,830	22,125
Amount.....	7,830,456	895,682	1,037,567	1,194,853	2,347,692	1,108,386	1,246,276
Farm net loss:							
Number of returns.....	1,414,985	281,814	233,112	290,264	412,453	140,275	57,069
Amount.....	19,894,553	5,445,942	2,279,286	2,925,060	4,388,021	2,152,436	2,703,807
Unemployment compensation:							
Number of returns.....	9,154,275	2,140,110	2,526,483	1,877,284	2,113,901	434,012	62,487
Amount.....	32,740,408	6,223,879	8,891,148	7,151,177	8,040,700	2,138,075	295,429
Taxable Social Security benefits:							
Number of returns.....	11,825,356	70,550	2,226,971	3,410,230	4,255,600	1,366,765	495,241
Amount.....	111,778,572	271,232	4,162,245	20,359,769	55,641,762	22,301,121	9,042,440
<b>Total statutory adjustments:</b>							
Number of returns.....	32,069,452	6,244,302	5,444,361	6,010,590	9,093,863	3,982,452	1,293,884
Amount.....	94,479,216	8,217,684	9,248,750	12,415,120	24,064,501	19,919,341	20,613,818
Educator expenses:							
Number of returns.....	3,437,540	129,757	279,364	736,714	1,566,484	645,999	79,226
Amount.....	865,467	30,647	64,161	175,007	403,145	173,275	19,234
Certain business expenses of reservists, performing artists, and fee-basis government officials:							
Number of returns.....	100,047	20,538	17,255	14,291	29,415	16,177	2,367
Amount.....	243,988	40,752	43,399	76,155	44,790	32,351	6,543
Payments to an Individual Retirement Arrangement:							
Number of returns.....	3,379,417	199,136	586,781	857,773	1,122,613	488,922	124,193
Amount.....	10,239,186	425,355	1,403,807	2,476,994	3,508,754	1,748,009	676,269
Student loan interest deduction:							
Number of returns.....	7,604,016	712,885	1,466,085	2,061,524	2,815,658	547,863	--
Amount.....	4,438,098	325,017	695,480	1,228,916	1,938,453	250,232	--
Tuition and fees deduction:							
Number of returns.....	4,738,193	891,667	565,051	613,908	1,483,651	1,183,916	--
Amount.....	10,677,851	2,282,676	1,145,319	1,285,860	3,154,913	2,809,082	--
Health savings account deduction:							
Number of returns.....	88,110	6,169	10,236	13,816	25,179	18,215	14,494
Amount.....	180,186	8,233	14,317	18,590	49,499	46,659	42,891
Medical savings account deduction:							
Number of returns.....	30,883	98	2,249	9,431	9,959	4,162	4,985
Amount.....	63,086	307	1,778	21,164	17,520	7,428	14,890
Moving expenses adjustment:							
Number of returns.....	1,086,965	97,975	200,533	273,838	332,235	145,553	36,829
Amount.....	2,922,985	175,234	438,351	561,929	857,726	644,393	245,352
Self-employment tax deduction:							
Number of returns.....	15,763,127	4,506,475	2,787,599	2,333,304	3,502,928	1,699,599	933,221
Amount.....	20,148,573	2,299,679	2,594,946	2,678,581	4,905,650	3,837,048	3,832,668
Self-employed health insurance deduction:							
Number of returns.....	3,699,187	570,719	626,426	612,257	897,803	533,427	458,558
Amount.....	17,270,521	1,841,003	2,282,697	2,451,294	4,036,573	3,068,673	3,590,278
Payments to a self-employed retirement (Keogh) plan:							
Number of returns.....	1,171,091	24,599	34,864	103,282	308,556	368,536	331,256
Amount.....	17,982,632	96,421	153,491	662,110	2,570,070	5,413,289	9,087,251
Penalty on early withdrawal of savings:							
Number of returns.....	792,543	174,303	133,772	140,507	236,679	83,519	23,765
Amount.....	216,830	33,979	38,219	44,028	43,179	32,983	24,441
Alimony paid:							
Number of returns.....	562,882	43,532	49,857	79,429	219,689	102,557	67,814
Amount.....	8,131,749	580,446	266,215	546,225	2,288,895	1,683,273	2,766,697
Other adjustments:							
Number of returns.....	189,344	13,372	22,279	43,434	66,734	26,255	17,267
Amount.....	1,033,299	77,932	103,572	188,246	245,081	151,608	266,858

Footnotes at end of table.

# Individual Income Tax Returns, Preliminary Data, 2004

**Table 1.--Individual Income Tax Returns, Tax Year 2004 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	All returns	Size of adjusted gross income					
		Under \$15,000 <sup>1</sup>	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total deductions:</b>							
Number of returns.....	130,572,217	35,516,027	29,572,484	24,530,990	28,195,618	9,750,173	3,006,923
Amount.....	1,536,262,023	213,307,438	232,590,148	241,847,351	419,044,034	239,313,654	190,159,397
Total standard deduction:							
Number of returns.....	84,384,089	33,515,257	24,715,896	15,363,348	9,632,827	963,683	193,077
Amount.....	564,559,557	186,543,102	168,494,190	113,655,337	84,935,200	9,158,208	1,773,522
Basic standard deduction:							
Number of returns.....	84,384,089	33,515,257	24,715,896	15,363,348	9,632,827	963,683	193,077
Amount.....	548,505,579	180,879,713	163,838,115	110,997,845	82,441,604	8,674,414	1,673,889
Additional standard deduction:							
Number of returns.....	11,118,473	4,095,639	3,172,896	1,800,748	1,678,260	308,256	62,672
Amount.....	16,053,978	5,663,389	4,656,075	2,657,492	2,493,596	483,794	99,633
<b>Total itemized deductions (after limitation):</b>							
Number of returns.....	46,188,128	2,000,768	4,856,589	9,167,642	18,562,792	8,786,491	2,813,848
Amount.....	971,702,466	26,764,340	64,095,959	128,192,013	334,108,834	230,155,447	188,385,877
Itemized deductions in excess of limitation:							
Number of returns.....	5,719,877	--	--	--	90,580	2,815,642	2,813,654
Amount.....	34,892,605	--	--	--	35,038	2,058,389	32,799,178
Medical and dental expenses deduction:							
Number of returns.....	9,458,334	1,285,495	2,296,228	2,518,146	2,776,917	529,818	51,729
Amount.....	61,292,493	9,754,301	14,302,749	13,406,876	17,009,518	5,198,290	1,620,760
Taxes paid deduction:							
Number of returns.....	45,870,333	1,910,318	4,767,348	9,091,032	18,508,987	8,782,054	2,810,593
Amount.....	357,908,694	4,937,462	13,160,289	32,659,527	107,491,561	92,454,330	107,205,527
State and local taxes: <sup>5</sup>							
Number of returns.....	44,665,865	1,739,956	4,516,917	8,811,539	18,143,051	8,677,951	2,776,451
Amount.....	217,157,045	1,324,859	4,579,438	15,372,324	57,323,828	55,562,295	82,994,297
Interest paid deduction:							
Number of returns.....	37,961,584	1,156,968	3,294,611	7,221,214	16,182,514	7,738,803	2,367,476
Amount.....	345,937,522	8,012,671	21,956,587	50,063,716	134,481,655	84,733,237	46,689,659
Charitable contributions deduction:							
Number of returns.....	40,594,576	1,394,982	3,814,569	7,626,616	16,748,311	8,297,334	2,712,762
Amount.....	156,200,064	1,982,705	7,511,971	16,260,262	44,597,997	34,265,769	51,581,358
<b>Taxable income:</b>							
Number of returns.....	102,915,892	12,056,299	25,809,304	24,215,444	28,090,999	9,739,992	3,003,854
Amount.....	4,649,039,200	37,394,426	260,465,183	560,715,860	1,342,200,837	966,860,919	1,481,401,976
Alternative minimum tax:							
Number of returns.....	3,132,706	7,451	3,086	16,778	246,036	1,120,381	1,738,973
Amount.....	12,062,016	51,815	6,360	21,522	345,272	2,076,189	9,560,861
<b>Income tax before credits:</b>							
Number of returns.....	102,922,519	12,049,914	25,807,680	24,216,357	28,099,528	9,743,908	3,005,132
Amount.....	881,808,770	3,759,175	30,272,443	73,660,674	200,435,700	181,207,061	392,473,717
<b>Total tax credits: <sup>6</sup></b>							
Number of returns.....	41,868,743	2,852,146	10,959,821	10,067,395	12,891,367	3,918,321	1,179,691
Amount.....	51,389,855	453,342	6,523,354	11,470,325	21,949,406	5,034,535	5,958,892
Child care credit:							
Number of returns.....	6,400,794	70,835	1,135,140	1,368,249	2,615,676	1,015,103	195,791
Amount.....	3,380,224	7,930	566,643	803,419	1,363,695	538,700	99,840
Credit for the elderly or disabled:							
Number of returns.....	107,271	72,816	34,452	--	--	--	--
Amount.....	18,292	14,340	3,952	--	--	--	--
Child tax credit:							
Number of returns.....	26,070,095	369,221	5,944,533	6,929,023	10,246,061	2,580,035	1,224
Amount.....	32,426,392	44,240	3,338,955	8,187,381	17,261,324	3,593,769	722
Education tax credits:							
Number of returns.....	7,253,234	641,088	1,970,286	1,986,654	2,606,261	48,945	--
Amount.....	6,076,920	210,644	1,420,578	1,807,230	2,630,920	7,550	--
Retirement savings contributions credit:							
Number of returns.....	5,361,813	290,425	2,464,608	2,604,707	2,073	--	--
Amount.....	1,026,889	66,735	525,951	433,994	209	--	--

Footnotes at end of table.

# Individual Income Tax Returns, Preliminary Data, 2004

**Table 1.--Individual Income Tax Returns, Tax Year 2004 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	All returns	Size of adjusted gross income					
		Under \$15,000 <sup>1</sup>	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Adoption credit:							
Number of returns.....	69,673	**	**1,018	8,864	43,772	15,645	375
Amount.....	299,669	**	**445	14,419	180,519	102,133	2,153
Foreign tax credit:							
Number of returns.....	4,696,787	249,732	367,331	541,478	1,434,329	1,160,045	943,872
Amount.....	5,754,318	6,375	30,883	80,450	260,272	565,497	4,810,841
General business credit:							
Number of returns.....	230,905	5,171	12,578	38,658	78,385	47,387	48,723
Amount.....	507,705	1,389	6,643	29,382	110,216	56,791	303,285
Prior year minimum tax credit:							
Number of returns.....	262,159	1,004	3,694	13,207	50,068	89,798	104,388
Amount.....	842,683	18	293	13,132	56,878	143,405	628,953
Self-employment tax:							
Number of returns.....	15,763,127	4,506,475	2,787,599	2,333,304	3,502,928	1,699,599	933,221
Amount.....	40,289,242	4,597,111	5,188,479	5,355,984	9,809,531	7,673,250	7,664,888
<b>Total earned income credit (EIC):</b>							
Number of returns.....	22,479,207	12,305,164	9,016,464	1,157,581	--	--	--
Amount.....	40,616,952	21,952,979	18,089,267	574,706	--	--	--
EIC used to offset income tax before credits:							
Number of returns.....	2,988,349	1,233,368	1,557,118	197,862	--	--	--
Amount.....	772,269	101,477	623,397	47,395	--	--	--
EIC used to offset other taxes:							
Number of returns.....	4,680,510	3,028,196	1,456,512	195,801	--	--	--
Amount.....	4,045,464	2,383,974	1,590,533	70,961	--	--	--
Excess EIC, refundable portion:							
Number of returns.....	19,674,899	10,681,861	8,064,715	928,323	--	--	--
Amount.....	35,799,219	19,467,531	15,875,336	456,350	--	--	--
Additional child tax credit:							
Number of returns.....	14,609,435	2,816,331	7,903,604	3,244,408	641,315	**3,779	**
Amount.....	14,523,694	1,318,901	8,217,727	4,204,137	780,023	**2,905	**
<b>Total income tax:</b>							
Number of returns.....	89,206,556	10,308,997	17,941,450	20,798,885	27,414,450	9,738,337	3,004,437
Amount.....	830,419,041	3,305,831	23,749,088	62,190,349	178,486,295	176,172,526	386,514,950
<b>Total tax liability:</b>							
Number of returns.....	92,817,241	12,641,627	18,652,696	21,217,533	27,556,736	9,743,505	3,005,145
Amount.....	870,346,902	5,748,938	27,239,254	67,615,023	189,674,874	184,885,795	395,183,017

\*\* Data combined to prevent disclosure of specific taxpayer information.

<sup>1</sup> Includes returns with adjusted gross deficit.

<sup>2</sup> Includes TeleFile returns.

<sup>3</sup> Included in data for Forms 1040, 1040A, and 1040EZ.

<sup>4</sup> Not included in adjusted gross income.

<sup>5</sup> State and local taxes are the total of both income taxes and general sales taxes.

<sup>6</sup> Includes EIC used to offset income tax before credits, shown separately later in this table.

NOTE: Detail may not add to totals because of rounding.



# Individual Income Tax Rates and Shares, 2003

by Kyle Mudry and Michael Parisi

**T**axpayers filed 130.4 million returns for Tax Year 2003, of which 88.9 million (or 68.2 percent) were classified as taxable returns. A taxable return is a return with a presence of total income tax greater than \$0. This represents a reduction of 2.2 percent in the number of taxable returns from 2002. Adjusted gross income (AGI) on these taxable returns rose 1.9 percent to \$5,747 billion for 2003, while total income tax fell 6.1 percent. This decrease in total income tax was attributable to the tax cuts implemented in the passage of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA). For the third year in a row, the average tax rate for taxable returns fell, decreasing 1.1-percentage points to 13.0 percent for 2003. The country's average tax rate had not been 13.0 percent or below since 1972. Also noteworthy is the large decline in total income tax of 23.7 percent from the peak of \$981 billion for 2000 to \$748 billion for 2003.

Taxpayers with an AGI of at least \$295,495, the top 1 percent of taxpayers, accounted for 16.8 percent of AGI, representing an increase in income share of 0.7-percentage points from the previous year. These taxpayers accounted for 34.3 percent of the total income tax reported, an increase from 33.7 percent in 2002. The top 5 percent of taxpayers accounted for 31.2 percent of AGI and 54.4 percent of total income tax. To be included in the top 5 percent, a taxpayer must have reported an AGI of \$130,080, whereas, in 2002, the cutoff for this group was \$126,525.

This article discusses the individual income tax rates and tax shares and the computation of total income tax for 2003. To put this discussion into perspective, the appendices to the article provide explanations of selected terms used in the article and describe the income tax structure, certain tax law changes, income and tax concepts (the "1979 Income Tax Concept," "modified" taxable income, and marginal tax rates), the computation of "alternative minimum taxable income," and the data sources and limitations.

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## Income Tax Rates

Discussions of income tax rates generally center on measuring two distinct tax rates: average tax rates and marginal tax rates. Average tax rates are calculated by dividing some measure of tax by some measure of income. For the statistics in this article, the average tax rate is total income tax (see Appendix A: Explanation of Selected Terms) divided by AGI reported on returns showing some income tax liability. Measures of marginal tax rates, on the other hand, focus on determining the tax rate imposed on the last (or next) dollar of income received by a taxpayer. For this article, the marginal tax rate is the statutory rate at which the last dollar of taxable income is taxed. (See Appendix D for a more detailed explanation of marginal tax rates.) The following sections describe the measurement of the average and marginal tax rates in more detail, and discuss the statistics based on these rates for 2003.

## Average Tax Rates

Figure A presents statistics for 1986 through 2003 on income (based on each year's definition of AGI and on the common 1979 Income Concept) and taxes reported. (See Appendix D for an explanation of the 1979 Income Concept.) These tax years can be partitioned into seven distinct periods:

- (1) Tax Year 1986 was the last year under the Economic Recovery Tax Act of 1981 (ERTA81). The tax bracket boundaries, personal exemptions, and standard deductions were indexed for inflation, and the maximum tax rate was 50 percent.
- (2) Tax Year 1987 was the first year under the Tax Reform Act of 1986 (TRA86). For 1987, a 1-year, transitional, five-rate tax bracket structure was established with a partial phase-in of new provisions that broadened the definition of AGI. The maximum tax rate was 38.5 percent.
- (3) During Tax Years 1988 through 1990, there was effectively a three-rate tax bracket structure [1]. The phase-in of the provisions of TRA86 continued with a maximum tax rate of 33 percent.
- (4) Tax Years 1991 and 1992 brought a three-rate tax bracket structure (with a maximum tax rate

# Individual Income Tax Rates and Shares, 2003

**Figure A**

## Adjusted Gross Income, Total Income Tax, Average Tax Rate, and Average Total Income Tax, Tax Years 1986-2003

[Money amounts are in billions of dollars, except where indicated]

Tax year	Total number of returns	Taxable returns								
		Number of returns	As a percentage of total returns <sup>1</sup>	Adjusted gross income (less deficit)	Total income tax	Average tax rate (percent) <sup>2,3</sup>	Average per return (whole dollars) <sup>3</sup>			
							Current dollars		Constant dollars <sup>4</sup>	
							Adjusted gross income (less deficit)	Total income tax	Adjusted gross income (less deficit)	Total income tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Using each tax year's adjusted gross income										
1986.....	103,045,170	83,967,413	81.5	2,440	367	15.1	29,062	4,374	26,516	3,991
1987.....	106,996,270	86,723,796	81.1	2,701	369	13.7	31,142	4,257	27,414	3,747
1988.....	109,708,280	87,135,332	79.4	2,990	413	13.8	34,313	4,738	29,005	4,005
1989.....	112,135,673	89,178,355	79.5	3,158	433	13.7	35,415	4,855	28,560	3,915
1990.....	113,717,138	89,862,434	79.0	3,299	447	13.6	36,711	4,976	28,088	3,807
1991.....	114,730,123	88,733,587	77.3	3,337	448	13.4	37,603	5,054	27,609	3,711
1992.....	113,604,503	86,731,946	76.3	3,484	476	13.7	40,168	5,491	28,630	3,914
1993.....	114,601,819	86,435,367	75.4	3,564	503	14.1	41,233	5,817	28,535	4,026
1994.....	115,943,131	87,619,446	75.6	3,737	535	14.3	42,646	6,104	28,776	4,119
1995.....	118,218,327	89,252,989	75.5	4,008	588	14.7	44,901	6,593	29,463	4,326
1996.....	120,351,208	90,929,350	75.6	4,342	658	15.2	47,750	7,239	30,433	4,614
1997.....	122,421,991	93,471,200	76.4	4,765	731	15.3	50,980	7,824	31,763	4,875
1998.....	124,770,662	93,047,898	74.6	5,160	789	15.3	55,458	8,475	33,836	5,171
1999.....	127,075,145	94,546,080	74.4	5,581	877	15.7	59,028	9,280	35,431	5,570
2000.....	129,373,500	96,817,603	74.8	6,083	981	16.1	62,832	10,129	36,488	5,882
2001.....	130,255,237	94,763,530	72.8	5,847	888	15.2	61,702	9,370	34,840	5,291
2002.....	130,076,443	90,963,896	69.9	5,641	797	14.1	62,015	8,762	34,472	4,870
2003.....	130,423,626	88,921,904	68.2	5,747	748	13.0	64,625	8,412	35,122	4,572
Using 1979 Income Concept <sup>5</sup>										
1986.....	103,045,170	83,967,413	81.5	2,703	367	13.6	32,194	4,374	29,374	3,991
1987.....	106,996,270	86,723,796	81.1	2,736	369	13.5	31,551	4,257	27,774	3,747
1988.....	109,708,280	87,135,332	79.4	3,011	413	13.7	34,556	4,738	29,210	4,005
1989.....	112,135,673	89,178,355	79.5	3,188	433	13.6	35,752	4,855	28,832	3,915
1990.....	113,717,138	89,862,434	79.0	3,335	447	13.4	37,108	4,976	28,392	3,807
1991.....	114,730,123	88,733,587	77.3	3,387	448	13.2	38,169	5,054	28,024	3,711
1992.....	113,604,503	86,731,946	76.3	3,553	476	13.4	40,964	5,491	29,198	3,914
1993.....	114,601,819	86,435,367	75.4	3,625	503	13.9	41,938	5,817	29,023	4,026
1994.....	115,943,131	87,619,446	75.6	3,796	535	14.1	43,322	6,104	29,232	4,119
1995.....	118,218,327	89,252,989	75.5	4,075	588	14.4	45,655	6,593	29,957	4,326
1996.....	120,351,208	90,929,350	75.6	4,418	658	14.9	48,582	7,239	30,964	4,614
1997.....	122,421,991	93,471,200	76.4	4,849	731	15.1	51,875	7,824	32,321	4,875
1998.....	124,770,662	93,047,898	74.6	5,299	789	14.9	56,947	8,475	34,745	5,171
1999.....	127,075,145	94,546,080	74.4	5,736	877	15.3	60,666	9,280	36,414	5,570
2000.....	129,373,500	96,817,603	74.8	6,294	981	15.6	65,012	10,129	37,754	5,882
2001.....	130,255,237	94,763,530	72.8	5,943	888	14.9	62,716	9,370	35,413	5,291
2002.....	130,076,443	90,963,896	69.9	5,758	797	13.8	63,297	8,762	35,184	4,870
2003.....	130,423,626	88,921,904	68.2	5,849	748	12.8	65,777	8,412	35,749	4,572

<sup>1</sup> Number of taxable returns (column 2) divided by total number of returns (column 1).

<sup>2</sup> Average tax rate is "total income tax" (column 5) divided by adjusted gross income less deficit (AGI) (column 4).

<sup>3</sup> The average adjusted gross income (less deficit), average total income tax and average tax rate were calculated from unrounded data.

<sup>4</sup> Constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100). For 2003, the CPI-U = 184.0.

<sup>5</sup> These statistics are based on adjusted gross income less deficit (AGI) recomputed to reflect the 1979 Income Concept, thus enabling more valid comparisons to be made of the average tax rates among years. Changes in the definition of AGI among years render direct comparison of the unadjusted figures misleading. For additional information, see *Statistics of Income—Individual Income Tax Returns*, for 1986-2003. See Figure G for components of the 1979 Income Concept.

## Individual Income Tax Rates and Shares, 2003

of 31 percent), a limitation on some itemized deductions, and a phaseout of personal exemptions for some upper income taxpayers.

- (5) Tax Years 1993 through 1996 had a five-rate tax bracket structure (with a maximum statutory tax rate of 39.6 percent), a limitation on some itemized deductions, and a phaseout of personal exemptions for some upper income taxpayers.
- (6) Tax Years 1997 through 2000 were subject to the Taxpayer Relief Act of 1997 which added three new capital gain tax rates to the previous rate structure to form a new eight-rate tax bracket structure (with a maximum statutory tax rate of 39.6 percent). See Appendix C for a more detailed description of the capital gain rates.
- (7) Tax Years 2001 through 2003 were affected by two new laws, the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA). EGTRRA included a new 10-percent tax rate bracket, as well as reductions in tax rates for brackets higher than 15 percent of one-half percentage point for 2001 and one percentage point for 2002. It also included increases in the child tax credit and an increase in alternative minimum tax exemptions. TY 2003, under JGTRRA, saw additional rate reductions in ordinary marginal tax rates higher than the 15-percent rate, as well as expansions to particular income thresholds in the rates from 15 percent and below. Also, the rate for most long-term capital gains was reduced from 20 percent to 15 percent. Further, qualified dividends were taxed at this same 15-percent rate. These changes are detailed in Appendix C (under *Tax Rate Reduction*).

About 88.9 million, or 68.2 percent, of the 130.4 million individual returns filed for 2003 were classified as taxable returns. This was a 2.2-percent reduction in the number of taxable returns from 2002. Total AGI reported on taxable returns increased 1.9 percent to \$5,747 billion. (Total income on taxable returns rose using the 1979 Income Concept as well, increasing 1.6 percent to \$5,849 billion for 2003.)

Total income tax fell for the third consecutive year, declining by almost \$49 billion (6.1 percent) to \$748 billion for 2003. Average AGI for taxable returns rose to \$64,625 for 2003, a 4.2-percent increase from 2002, but average income tax fell for 2003 by 4.0 percent to \$8,412. This decrease in total income tax and average income tax in contrast with an increasing AGI suggests that the lower tax generated was largely attributable to the 2003 tax rate cuts implemented in JGTRRA, cited above and explained in more detail in Appendix C (under *Tax Rate Reduction*).

In order to analyze the average tax rate over time, it is necessary to use an alternative measure to AGI because some tax law changes result in the definition of AGI changing from year to year. The 1979 Income Concept controls for much of this variation in tax law, and its use provides a more consistent estimate of the average tax rate across years. Under the 1979 Concept, the average tax rate for 2003 fell to 12.8 percent from 13.8 for the previous year. The 1.0-percentage point decline represented the third straight year (as with AGI) in which the average tax rate declined. The average tax rate under this concept had not been less than 14 percent since 1993, the year the Omnibus Reconciliation Act of 1993 (OBRA93) passed, which created new 36-percent and 39.6 percent tax rate brackets. The 12.8-percent average tax rate for 2003 was the lowest ever since use of the 1979 income concept began.

As shown in Figure B, the average tax rate on all taxable returns as a percentage of AGI was 13.0 percent for 2003. The average tax rate for the AGI-size classes ranged from 2.5 percent for the “\$1 under \$10,000” AGI-size class to 25.0 percent for the “\$500,000 under \$1,000,000” AGI-size class. This latter rate was higher than the 24.8-percent average paid by those taxpayers in the “\$1,000,000 or more” class. This was partially due to taxpayers in the \$1,000,000 or more class receiving nearly double the percentage of AGI in the form of capital gains and qualified dividends facing preferential tax rates as those in the \$500,000 under \$1,000,000 AGI-size class. Taxpayers in the \$1,000,000 or more class received 32.0 percent of their AGI's through these capital gains and qualified dividends compared to 15.4 percent for the \$500,000 under \$1,000,000 AGI-size class. The average tax rate in every AGI-size class

# Individual Income Tax Rates and Shares, 2003

**Figure B**

## Taxable Returns: Number of Returns, Adjusted Gross Income, and Total Income Tax, by Size of Adjusted Gross Income, Tax Years 2002 and 2003

[Number of returns is in thousands--money amounts are in millions of dollars]

Tax year, item	Total	Size of adjusted gross income									
		Under \$1 <sup>1</sup>	\$1 under \$10,000	\$10,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
<b>Tax Year 2003:</b>											
Number of taxable returns.....	88,922	5	4,952	12,347	12,187	21,524	26,511	8,862	1,997	356	181
Adjusted gross income (less deficit).....	5,746,569	-5,095	34,490	186,019	304,724	846,122	1,861,718	1,167,989	575,673	240,944	533,985
Total income tax.....	748,017	79	853	8,155	19,310	64,373	178,509	163,342	120,712	60,181	132,503
Average tax rate (percent) <sup>2</sup> .....	13.0	( <sup>3</sup> )	2.5	4.4	6.3	7.6	9.6	14.0	21.0	25.0	24.8
<b>Tax Year 2002:</b>											
Number of taxable returns.....	90,964	5	5,316	13,089	12,877	22,482	26,377	8,408	1,906	336	169
Adjusted gross income (less deficit).....	5,641,128	-1,130	36,492	198,171	321,667	883,965	1,844,319	1,107,803	548,162	226,745	474,933
Total income tax.....	796,986	124	915	9,178	21,403	70,769	195,475	175,141	124,765	63,371	135,845
Average tax rate (percent) <sup>2</sup> .....	14.1	( <sup>3</sup> )	2.5	4.6	6.7	8.0	10.6	15.8	22.8	27.9	28.6
<b>Change in:</b>											
Number of taxable returns.....	-2,042	(Z)	-364	-742	-690	-957	134	454	91	19	12
Percent.....	-2.2	-4.5	-6.8	-5.7	-5.4	-4.3	0.5	5.4	4.8	5.8	7.3
Adjusted gross income (less deficit)....	105,441	-3,965	-2,002	-12,152	-16,943	-37,844	17,399	60,186	27,512	14,198	59,052
Percent.....	1.9	350.9	-5.5	-6.1	-5.3	-4.3	0.9	5.4	5.0	6.3	12.4
Total income tax.....	-48,969	-46	-62	-1,023	-2,093	-6,396	-16,966	-11,798	-4,053	-3,190	-3,342
Percent.....	-6.1	-36.8	-6.8	-11.1	-9.8	-9.0	-8.7	-6.7	-3.2	-5.0	-2.5
Average tax rate:											
Percentage point change.....	-1.1	( <sup>4</sup> )	--	-0.2	-0.4	-0.4	-1.0	-1.8	-1.8	-2.9	-3.8

<sup>1</sup> Includes returns with adjusted gross deficit. Tax in these returns represents some combination of alternative minimum tax, Form 4972 tax on lump-sum distributions from qualified retirement plans, and Form 8814 tax on a child's interest and dividends not reflected in adjusted gross income or taxable income.

<sup>2</sup> Average tax rate is "total income tax" as a percentage of adjusted gross income less deficit (AGI). The average tax rate was calculated from unrounded data.

<sup>3</sup> Percentage not computed.

<sup>4</sup> Increase not computed.

(Z)—Less than 500.

NOTE: Detail may not add to totals because of rounding.

fell for 2003, except for the \$1 under \$10,000 class which stayed the same. For taxpayers in the highest AGI category, \$1,000,000 or more, the average tax rate decreased 3.8 percent (from 28.6 percent to 24.8 percent) for 2003. Similarly, in the \$500,000 under \$1,000,000 income class, the average tax rate declined by 2.9 percentage points (from 27.9 percent to 25.0 percent). A significant portion of these AGI classes' average tax rate decreases was attributable to the 3.6- percentage point decrease in the highest ordinary marginal tax rate, from 38.6 percent to 35 percent under JGTRRA. Also, the capital gain tax rate of 20 percent was lowered to 15 percent, and

the tax rates on qualified dividend tax were changed from ordinary tax rates to a maximum of 15 percent.

The average tax rate of 13.0 percent for 2003 for all income classes combined was a decrease of 1.1 percentage points from 14.1 percent for 2002. This reduction was an effect of the implementation of ordinary tax rate reductions under JGTRRA, the reduction in the rates for long-term capital gains sold after May 5, and all qualified dividends being taxed at lower rates as well. For 2001 and 2002, many of the higher income tax returns had shifted to lower income brackets partially due to the reductions in realized capital gain (less loss). This trend began to

## Individual Income Tax Rates and Shares, 2003

reverse for 2003, showing a return to increasing numbers of high-income filers (though levels were still well below those of 2000). Specifically, the number of taxpayers in the top four AGI-size classes rose: by 7.3 percent for the “\$1,000,000 or more” AGI-size class; by 5.8 percent for the “\$500,000 under \$1,000,000” AGI-size class; by 4.8 percent for the “\$200,000 under \$500,000” AGI-size class; and by 5.4 percent for the “\$100,000 under \$200,000” AGI-size class.

### Marginal Tax Rate Classifications

A return’s marginal tax rate is the highest statutory tax rate bracket applicable to that tax return. Marginal tax rate statistics are presented in Figure C and Table 1. These statistics are based on individual income tax returns showing a positive taxable income amount based on “tax generated” and items of income that were subject to the regular income tax, generally those included in AGI [2]. Appendix D explains the details of the determination of the

marginal tax rate bracket into which a return is assumed to fall. Table 2 contains additional data based on ordinary tax rates and presents statistics on the income and tax generated at each ordinary tax rate by size of AGI.

For 2003, the number of individual returns with modified taxable income fell 0.9 percent to 101.4 million. Despite this decrease, the amount of modified taxable income reported on these returns increased 2.5 percent to \$4,206.6 billion [3]. As a result of the tax cuts implemented under JGTRRA for 2003, the tax generated on taxable returns fell by 6.0 percent to \$780.3 billion even though the modified taxable income increased. Figure C presents the amounts and percentages of modified taxable income and income tax generated (before reduction by tax credits, including the earned income credit) by the marginal tax rate categories (defined in Appendix D). The ordinary tax rate categories for 2003 were notably different than those for 2002 due to changes in statutory tax rates resulting from JGTRRA. For

**Figure C**

### Returns with Modified Taxable Income: Tax Generated at All Rates on Returns with the Indicated Marginal Tax Rate, Tax Year 2003

[Money amounts are in thousands of dollars]

Marginal tax rate classes	Number of returns		Modified taxable income		Tax generated	
	Number	Percent of total	Amount	Percent of total	Amount	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total.....</b>	<b>101,386,201</b>	<b>100.0</b>	<b>4,206,592,864</b>	<b>100.0</b>	<b>780,309,227</b>	<b>100.0</b>
5 percent.....	678,141	0.7	4,130,293	0.1	208,010	( <sup>1</sup> )
8 percent.....	68,473	0.1	720,891	( <sup>1</sup> )	47,862	( <sup>1</sup> )
10 percent.....	23,243,875	22.9	106,142,753	2.5	10,615,439	1.4
10 percent (capital gains).....	2,583,832	2.5	19,866,025	0.5	1,689,343	0.2
10 percent (Form 8814) <sup>2</sup> .....	13,826	( <sup>1</sup> )	8,681	( <sup>1</sup> )	870	( <sup>1</sup> )
15 percent.....	40,997,696	40.4	1,000,557,078	23.8	128,796,537	16.5
15 percent (capital gains) <sup>3</sup> .....	6,474,523	6.4	259,768,302	6.2	33,235,065	4.3
20 percent.....	430,386	0.4	67,771,415	1.6	10,720,608	1.4
25 percent.....	15,578,547	15.4	887,311,030	21.1	148,923,302	19.1
25 percent (capital gains).....	5,751,843	5.7	436,467,662	10.4	74,792,138	9.6
28 percent.....	1,756,615	1.7	196,015,310	4.7	41,655,938	5.3
28 percent (capital gains).....	1,678,502	1.7	233,408,084	5.5	48,461,009	6.2
33 percent.....	1,277,577	1.3	305,591,419	7.3	74,561,983	9.6
35 percent..... <sup>4</sup>	752,028	0.7	687,885,619	16.4	206,409,506	26.5
Form 8615 <sup>4</sup> .....	100,337	0.1	948,301	( <sup>1</sup> )	191,617	( <sup>1</sup> )

<sup>1</sup> Less than 0.05 percent.

<sup>2</sup> Form 8814 was filed for a dependent child under age 14 for whom the parents made an election to report the child's investment income (if it was from interest or dividends totaling between \$750 and \$7,500) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

<sup>3</sup> The 15-percent capital gain rate also includes qualified dividends.

<sup>4</sup> Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,500. The returns in this rate classification are not distributed by tax rate.

NOTE: Detail may not add to totals because of rounding.



## Individual Income Tax Rates and Shares, 2003

the third year in a row, the 2003 tax rates for the four highest ordinary income brackets were each reduced. These reductions are explained in Appendix C (under *Tax Rate Reduction*).

The “15-percent” (ordinary income) marginal tax rate bracket contained the largest share of returns for 2003, at 40.4 percent of returns with modified taxable income. These returns reported 23.8 percent of modified taxable income for 2003 and 16.5 percent of income tax generated. While representing only 0.7 percent of returns, taxpayers in the “35-percent” marginal rate bracket reported 16.4 percent of the modified taxable income and 26.5 percent of the tax (the largest of any tax bracket). The 15.4 percent of returns in the “25-percent” (ordinary income) marginal rate bracket (the second largest group) reported 21.1 percent of the modified taxable income and 19.1 percent of income tax generated. Returns in the “28-percent” (ordinary income) marginal rate bracket reported 4.7 percent of the modified taxable income and 5.3 percent of the tax. Returns in the “33-percent” marginal rate bracket reported showed 7.3 percent of the modified taxable income and 9.6 percent of the tax generated. Return in the capital gains and dividends tax brackets (10 percent, 15 percent, 25 percent, and 28 percent) reported a total of 22.6 percent of modified taxable income and 20.3 percent of the tax.

As shown in Table 2, more tax was generated for 2003 at the 15-percent rate than at any other rate. The 37.7 percent of income taxed at this rate was reported by 73.4 percent of returns with modified taxable income, producing 30.4 percent of tax generated. The 25-percent rate generated the next largest amount of income tax liability. Tax in that bracket was reported on 26.4 percent of returns, and 15.2 percent of modified taxable income was taxed at this rate, to generate 20.5 percent of tax generated. Only 0.7 percent of returns with taxable income were taxed at the 35-percent rate. However, 8.7 percent of all income was taxed at this rate, generating 16.5 percent of the tax generated.

### Components of Total Income Tax

#### Regular Tax

Regular tax is generally tax determined from a taxpayer’s taxable income based on statutory tax rates less any applicable tax credits. It does not

include the “alternative minimum tax” (AMT).

Figure D illustrates the derivation of aggregate tax generated for 2003 returns with modified taxable income. Table 1 includes two tax amounts: “tax generated” and “income tax after credits.” Tables 5 through 8 and Figures A and B include an additional measure of tax, “total income tax.”

As shown (Figure D and column 5 of Table 1), the tax generated by applying statutory ordinary income and capital gains tax rates to modified taxable income was \$780.3 billion, a 6.0-percent decrease from 2002 [4]. For most taxpayers, tax generated was equal to income tax before credits. However, for some taxpayers, income tax before credits included the alternative minimum tax (AMT) and/or special taxes on lump-sum distributions from qualified retirement plans (when a 10-year averaging method

**Figure D**

#### Derivation of Tax Year 2003 Total Income Tax as Shown in Statistics of Income

[Money amounts are in billions of dollars]

<b>Tax generated from tax rate schedules or tax table.....</b>	<b>780.3</b>
<b>PLUS:</b>	
Tax on lump-sum distributions from qualified retirement plans.....	0.2
Alternative minimum tax.....	9.5
<b>EQUALS:</b>	
<b>Income tax before credits.....</b>	<b>790.0</b>
<b>LESS: Tax credits, total <sup>1</sup>.....</b>	<b>42.0</b>
Child-care credit.....	3.2
Child tax credit <sup>1</sup> .....	22.8
Education credit.....	5.8
Foreign tax credit.....	5.8
General business credit.....	0.6
Earned income credit (limited to the amount needed to reduce total income tax to zero).....	0.9
Credit for prior-year minimum tax.....	0.9
Retirement savings contribution credit.....	1.0
Other credits <sup>2</sup> .....	0.9
<b>EQUALS:</b>	
<b>Income tax after credits.....</b>	<b>748.0</b>
<b>PLUS: Trusts accumulation distribution.....</b>	<b>0.01</b>
<b>EQUALS:</b>	
<b>Total income tax.....</b>	<b>748.0</b>

<sup>1</sup> Does not include the additional child tax credit that for 2003 was \$9.11 billion which were refunded to taxpayers and not included in total income tax.

<sup>2</sup> Includes the elderly or disabled credit, empowerment zone and community renewal employment credit, mortgage interest credit, New York liberty zone credit, adoption credit, DC first time home buyer's credit, rate reduction credit, nonconventional source fuel credit, and other credits.

NOTE: Detail may not add to totals because of rounding.

## Individual Income Tax Rates and Shares, 2003

was used) [5]. The AMT increased sharply by 38.2 percent to \$9.5 billion for 2003. Income tax before credits was \$790.0 billion for 2003, down from \$836.8 billion, representing a 5.6-percent decrease from 2002. Taxpayers used \$42.0 billion of tax credits to reduce their income tax before credits. The earned income credit (EIC) is included in this computation to the extent that its application did not reduce income tax before credits below zero. Any portion of the EIC that is refundable to the taxpayer because it exceeds the taxpayer's liability and any portion of the EIC used to reduce taxes other than income taxes are excluded from the computation of income tax after credits [6]. Income tax after credits (Figure D) totaled \$748.0 billion as did total income tax (the sum of income tax after credits and tax on trust accumulation distributions). These taxes both represented a 6.1-percent decline from 2002.

Table 4 provides estimates of income tax before credits by the type of tax computation for returns with modified taxable income. For 2003, the number of returns with the Schedule D and qualified dividends tax computation increased almost 170 percent from 6.7 million to 18.1 million. This caused a large increase in the income tax before credits and tax generated at these lower rates. TY 2003 saw a decrease of 12.9 million returns that calculated taxes with a regular tax computation only. The cause of this decline was due to a majority of these returns moving from the regular tax computation into the Schedule D and qualified dividends tax computation. For 2003, the number of returns filed by children under age 14 with Form 8615 for reporting investment income over \$1,500 decreased 20.8 percent to a little over 100,000. Using Form 8615 to compute their tax (as if their incomes were treated as the marginal incomes of their parents or guardians), these children generated just over \$191.6 million (column 7) of tax revenue which is \$30.5 million (column 8) more than the \$161.1 million (column 6) of tax that would have been generated using ordinary tax computations.

The income tax before credits increased from \$186.5 billion to \$426.1 billion. This computation also generated \$387.7 billion in tax as compared to \$161.2 billion for 2002. The reason for this large shift was that, for 2003, the Schedule D computation now included qualified dividends, which, as noted above, relocated many of the 12.8 million returns previously

listed under the regular tax only computation into the returns with Schedule D and qualified dividends tax computation. Both ordinary and qualified dividends are detailed in Appendix A (under *Dividends*). If long-term capital gains had been taxed the same as ordinary income, the amount of income tax before credits (regular tax computation) for these same taxpayers would have been \$426.1 billion (column 6). Thus, use of the Schedule D tax computation resulted in \$38.4 billion (column 8) less tax for 2003, a rise from the \$25.3-billion reduction for 2002 (column 4) when 6.7 million taxpayers received some benefit from lower capital gain taxes (column 1). However, the average tax savings for those who had these capital gains fell from \$3,770 per return for 2002 to \$2,117 for 2003.

### Alternative Minimum Tax

The Revenue Act of 1978 established the alternative minimum tax to ensure that a minimum amount of income tax was paid by taxpayers who might otherwise be able to legally reduce, or totally eliminate, their tax burdens. The AMT provisions may recapture some of the tax reductions under the ordinary income tax. Form 6251, *Alternative Minimum Tax--Individuals*, is used to calculate AMT. (See Appendix E for an explanation of the computation of income for AMT purposes.)

Figure E presents statistics, by size of AGI, on the AMT reported by taxpayers filing Form 6251 with their returns. Some taxpayers include Form 6251 even though their tax liability is not increased due to the AMT. The tabulations in Figure E include such forms. For 2003, AMT liability rose 38.2 percent to \$9.5 billion from \$6.9 billion in 2002. This rise in AMT coincided with a large increase in the number of returns that were subject to paying the AMT. The number of returns subject to paying the AMT increased 23.4 percent from 2002 to 2.4 million returns for 2003, and the Alternative Minimum Taxable Income (AMTI) increased 31.3 percent from 2002.

Figure F shows the number of taxpayers with AMT liability and the amount of that liability for each of the years 1986 through 2003. Much of the variation in the number of taxpayers affected by the AMT and in the amount of AMT liability during the mid-to-late 1980's and early 1990's was attributable to tax law changes such as TRA86, RRA90 (Revenue Reconciliation Act of 1990), and OBRA93, which

# Individual Income Tax Rates and Shares, 2003

**Figure E**

## Returns with Alternative Minimum Tax Computation Reported on Form 6251: Total Adjustments and Preferences, and Alternative Minimum Taxable Income and Tax, by Size of Adjusted Gross Income, Tax Years 2002 and 2003

[Money amounts are in thousands of dollars]

Size of adjusted gross income	Total adjustments and preferences <sup>1</sup>		Alternative minimum taxable income		Alternative minimum tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Tax Year 2003						
<b>All returns.....</b>	<b>5,274,864</b>	<b>107,538,541</b>	<b>5,943,102</b>	<b>1,119,412,865</b>	<b>2,357,975</b>	<b>9,469,803</b>
Under \$1 <sup>2</sup> .....	90,575	1,255,423	129,582	-10,762,709	5,427	81,262
\$1 under \$10,000.....	130,628	294,876	294,704	752,929	3,344	5,776
\$10,000 under \$20,000.....	164,493	441,193	254,340	2,706,268	2,591	6,294
\$20,000 under \$30,000.....	149,183	654,972	218,232	4,293,145	3,850	21,683
\$30,000 under \$40,000.....	156,007	657,114	197,269	5,127,098	5,090	2,118
\$40,000 under \$50,000.....	240,072	1,578,559	292,648	11,449,018	12,453	16,980
\$50,000 under \$75,000.....	579,162	4,497,946	658,634	35,896,638	85,664	86,149
\$75,000 under \$100,000.....	548,099	5,832,543	605,893	46,371,534	109,977	185,177
\$100,000 under \$200,000.....	1,547,971	27,412,096	1,589,305	206,360,452	844,104	1,875,212
\$200,000 under \$500,000.....	1,371,834	35,270,913	1,397,829	373,453,249	1,148,987	4,700,750
\$500,000 under \$1,000,000.....	192,637	9,199,893	198,104	121,310,271	103,434	1,165,529
\$1,000,000 or more.....	104,204	20,443,011	106,562	322,454,972	33,056	1,322,875
Tax Year 2002						
<b>All returns.....</b>	<b>4,351,676</b>	<b>92,817,141</b>	<b>4,915,873</b>	<b>852,499,465</b>	<b>1,910,789</b>	<b>6,853,901</b>
Under \$1 <sup>2</sup> .....	89,661	1,139,356	105,639	-12,845,896	4,681	126,779
\$1 under \$10,000.....	96,393	282,949	224,201	427,960	3,343	2,088
\$10,000 under \$20,000.....	127,818	355,733	200,091	1,964,179	2,886	3,385
\$20,000 under \$30,000.....	116,233	546,831	193,305	4,141,410	4,478	9,093
\$30,000 under \$40,000.....	156,417	903,125	208,941	6,106,526	16,117	23,210
\$40,000 under \$50,000.....	167,426	1,330,419	199,004	7,632,853	33,881	34,067
\$50,000 under \$75,000.....	552,458	5,593,137	643,985	35,315,779	188,847	253,778
\$75,000 under \$100,000.....	598,657	8,064,548	631,321	48,810,310	284,050	365,363
\$100,000 under \$200,000.....	1,360,074	23,872,135	1,392,342	174,922,118	759,476	1,665,869
\$200,000 under \$500,000.....	858,729	24,226,709	882,647	232,989,048	546,501	2,564,164
\$500,000 under \$1,000,000.....	140,940	7,976,686	145,547	90,777,648	46,304	742,837
\$1,000,000 or more.....	86,871	18,525,516	88,851	262,257,528	20,224	1,063,267

<sup>1</sup> See Figures I-1 and I-2 for the calculation of alternative minimum taxable income and the list of alternative minimum tax adjustments and preferences.

<sup>2</sup> Includes returns with adjusted gross deficit.

NOTE: Detail may not add to totals because of rounding.

altered the AMT. Since then, the impact of the AMT has increased partially because the AMT exemptions have not been automatically indexed annually for the effects of inflation whereas various parameters of the ordinary income tax (such as tax brackets, exemptions, etc.) have been indexed annually for inflation. For both 2001 (under EGTRRA) and 2003 (under JGTRRA), AMT exemptions were increased, while ordinary tax rates declined. The net result of these changes was that, for 2003, AMT levels rose to \$9.5 billion, close to the all-time high paid by individual taxpayers of \$9.6 billion for 2000.

(The 2003 AMT exemptions are detailed in Appendix C, under *Alternative Minimum Tax*.)

### Income and Tax Shares

Historical statistics from 1986 through 2003 on income and tax by cumulative percentiles (based on numbers of returns) are presented in Tables 5 through 8. Distributions of AGI, as defined for each year and tax or income item, by descending and ascending cumulative percentiles of returns, are presented in Tables 5 and 6. These tables can be used to make comparisons across cumulative percen-

## Individual Income Tax Rates and Shares, 2003

**Figure F**

### Alternative Minimum Tax, Tax Years 1986-2003

[Tax rates are in percentages--money amounts are in thousands of dollars]

Tax year	Highest statutory alternative minimum tax rate	Alternative minimum tax	
		Number of returns	Amount
	(1)	(2)	(3)
1986.....	20	608,907	6,713,149
1987.....	21	139,779	1,674,898
1988.....	21	113,562	1,027,884
1989.....	21	117,483	831,012
1990.....	21	132,103	830,313
1991.....	24	243,672	1,213,426
1992.....	24	287,183	1,357,063
1993.....	28	334,615	2,052,790
1994.....	28	368,964	2,212,094
1995.....	28	414,106	2,290,576
1996.....	28	477,898	2,812,746
1997.....	28 <sup>1</sup>	618,072	4,005,101
1998.....	28 <sup>1</sup>	853,433	5,014,549
1999.....	28 <sup>1</sup>	1,018,063	6,477,697
2000.....	28 <sup>1</sup>	1,304,197	9,600,840
2001.....	28 <sup>1</sup>	1,120,047	6,756,705
2002.....	28 <sup>1</sup>	1,910,789	6,853,901
2003.....	28 <sup>1</sup>	2,357,975	9,469,803

<sup>1</sup> Top rate on most long-term capital gains was 20 percent. For 2003, it was 15 percent.

tile classes within each year, among years within the ERTA81 period (i.e., Tax Years 1982 through 1986), and among years within the post-TRA86 period (i.e., Tax Years 1987 through 2003). Since TRA86 redefined AGI, Tables 5 and 6 are not as useful for comparisons between pre- and post-TRA86 years. Thus, Tables 7 and 8, which are based on a consistent definition of income (i.e., the 1979 Income Concept), are included to facilitate such comparisons.

Tables 5 and 7 are based on percentiles of returns cumulated downward from the highest income returns. The data in Tables 5 and 7 are shown for the top 1 percent, 5 percent, 10 percent, 25 percent, and 50 percent of returns. Tables 6 and 8 are based on returns cumulated upward from the lowest income returns. Data are shown for the bottom 50 percent, 75 percent, 90 percent, 95 percent, and 99 percent of all returns.

Consider, for example, the data in Table 5 for the 128.6 million returns filed for 2003 with positive AGI [7]. The average tax rate for these returns was 11.9 percent, a 1.1-percentage point decrease from 2002.

(A sizable portion of returns with positive AGI are nontaxable, accounting for the difference in the computation of this particular average tax rate versus the 13.0-percent average tax rate for taxable returns only--Figure A.) This was the third year in a row that the average tax rate has fallen. The average tax rate on the 1, 5, 10, 25, and 50 percentiles all decreased from 2002. The 1, 5, 10, 25, and 50 percentiles all also recorded a larger share of the income tax burden than their respective shares of AGI. For 2003, the returns in the top 1-percentile reported 16.8 percent of total AGI and 34.3 percent of income tax. The amount of AGI needed for inclusion in this percentile group (i.e., the AGI floor) was \$295,495. For 2002, the returns in this percentile group (i.e., those with at least \$285,424 in AGI) reported 16.1 percent of total AGI and 33.7 percent of total income tax.

For 2003, the returns in the top 5-percentile group (returns reporting AGI of \$130,080 or more) reported 31.2 percent of total AGI and 54.4 percent of income tax, compared to 30.6 percent and 53.8 percent, respectively, for 2002 (when the AGI floor was \$126,525). For 2003, returns in the top 10-percentile group (returns with AGI of at least \$94,891) earned 42.4 percent of AGI and paid 65.8 percent of income tax. For 2002, the returns in this percentile group (with AGI of \$92,663 or more) reported 41.8 percent of total AGI and 65.7 percent of income tax. The top 50-percentile group (earning \$29,019 or more) accounted for 86.0 percent of income and paid almost all (96.5 percent) of the income tax for 2003.

The statistics by percentile in Tables 5 and 6 for years prior to 1991 and in Tables 7 and 8 for years prior to 1994 were estimated, using a mathematical technique called "osculatory interpolation," applied to aggregated data tabulated by income-size classes, in order to distribute the tax returns within each class [8]. For 1991 and later years, the statistics by percentiles in Tables 5 and 6, and Tables 7 and 8 for 1994 through 2003 were computed based on an actual ranking of the returns in the statistical sample that served as the basis for Individual Statistics of Income estimates. The differences under the two methods were judged to be minor enough so that the pre-1991 and post-1990 data are believed to be comparable.

### Appendix A: Explanation of Selected Terms

This appendix provides brief explanations of the major tax concepts discussed. For more extensive



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definitions, see Individual Income Tax Returns 2003, Statistics of Income Division, Internal Revenue Service, Publication 1304.

*Adjusted Gross Income.*--Adjusted gross income is "total income," as defined by the tax code, less "statutory adjustments" (primarily business, investment, or certain other deductions, such as payments to a Keogh self-employed retirement plan, certain deductible contributions to an Individual Retirement Arrangement (IRA), self-employed health insurance deductions, and one-half of Social Security taxes for the self-employed). Total income includes, for example, salaries and wages, taxable interest, dividends, alimony, and net amounts from such sources as business income, rents and royalties, and sales of capital assets.

*Difference Due to Special Tax Computation.*--For this article, the tax difference is the amount of tax resulting from using provisions of one of the special tax computations (Form 8615 or Schedule D and qualified dividends) less the amount of tax that would have resulted from not having used any of these provisions (regular tax computation).

*Dividends.*--Ordinary dividend income consisted of distributions of money, stock, or other property received by taxpayers from domestic and foreign corporations, either directly or passed through estates, trusts, partnerships, or regulated investment companies. Ordinary dividends also included distributions from money market mutual funds.

Ordinary dividends did not include nontaxable distributions of stock or stock rights, returns of capital, capital gains, or liquidation distributions. Taxpayers were also instructed to exclude amounts paid on deposits or withdrawable accounts in banks, mutual savings banks, cooperative banks, savings and loan associations, and credit unions, which were treated as interest income.

Qualified dividends are the ordinary dividends received in tax years beginning after 2002 that met certain conditions. These conditions include: the dividend must have been paid by a U.S. corporation or a "qualified" foreign corporation; the stock ownership must have met certain holding period requirements; the dividends were not from certain institutions, such as mutual savings banks, cooperative banks, credit unions, tax-exempt organizations, or farmer cooperatives; and the dividends were not for any share of stock which was part of an employee

stock ownership plan (ESOP). The maximum tax rate for qualified dividends was 15 percent generally (or 5 percent for amounts that would otherwise have been taxed at the 10-percent or 15-percent regular income rate).

*Form 8615 Tax Computation.*--Form 8615 was used to compute the tax on investment income of children under age 14 who had investment income of more than \$1,500. Generally, such income was taxed as the marginal income of the parents.

*Income Tax Before Credits.*--This amount consisted of the tax liability on taxable income, computed by using the tax tables, tax rate schedules, Schedule D Tax worksheet, Schedule J, or Form 8615, plus Form (s) 8814, any additional taxes from Form 4972, and the alternative minimum tax.

*Income Tax Before Credits (Regular Tax Computation).*--This amount consisted of the tax liability on ordinary income, computed by using the tax table or applying the rates from one of the four tax rate schedules, plus any additional tax (tax on lump-sum distributions from qualified retirement plans). When Form 8615 tax was payable on investment income of children, for this concept, all the income was taxed at the child's rate rather than at the rate of the parents. When the Schedule D tax was payable on net long-term capital gains, the tax was based on the regular tax rates rather than the 5-percent, 8-percent, 10-percent, 15-percent, 25-percent, or 28-percent tax rate for capital gains. When a tax was payable on a qualified dividend, the tax was based on regular tax rates instead of the maximum tax rate for qualified dividends, 15 percent (5 percent for amounts that would otherwise have been taxed in the 10-percent and 15-percent tax brackets). This is in contrast to the computation of Income Tax Before Credits (see above) in which special tax computations, such as those involved on the Form 8615, Schedule D and qualified dividends, are taken into account. See Table 4.

*Marginal Tax Rate.*--See Appendix D.

*Modified Taxable Income.*--See Appendix D.

*Regular Tax Computation.*--Depending on marital status and size of taxable income, the taxpayer used one of the four tax rate schedules (or an approximation from the tax table) to determine tax. Returns of taxpayers who had taxes computed by the Internal Revenue Service were classified under the regular tax computation method.



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*Schedule D and Qualified Dividends Tax Computation.*--Schedule D was used to compute the 5-percent (post May 5, 2003), 8-percent, 10-percent, 15-percent, 25-percent, and 28-percent taxes on net long-term capital gains (in excess of net short-term capital losses), if such computations were beneficial to the taxpayer. Any investment interest allocated to long-term capital gains (on Form 4952) was excluded from this computation. Qualified dividends were taxed at a maximum tax rate of 15 percent (5 percent for amounts that would otherwise have been taxed in the 10-percent and 15-percent brackets).

*Taxable Income.*--Taxable income is AGI less the sum of personal exemptions amounts and either the standard deduction for nonitemizers or total itemized deductions. The amounts for personal exemptions and total itemized deductions are net of any reductions because of taxpayers' incomes exceeding certain income thresholds.

*Taxable Returns.*--A return is classified as "taxable" based on the presence of "tax generated." The following additional taxes were not taken into account for this purpose: self-employment, household employment, Social Security, Railroad Retirement Tax Act (RRTA) taxes, tax from recomputing prior-year investment, low-income housing and a few other business credits, penalty taxes on Individual Retirement Arrangements, section 72 penalty taxes, advance earned income credit payments, or "golden parachute" payments (made to key employees as compensation under certain circumstances).

*Tax Generated.*--This is the amount of tax computed on modified taxable income either from the tax rate schedules or the tax table. Tax generated does not take into account the alternative minimum tax or the effect of tax credits. For most returns (those without the special tax on lump-sum distributions from qualified retirement plans or alternative minimum tax), tax generated equals "income tax before credits."

*Total Income Tax.*--This is the sum of income tax after credits and tax on accumulated trusts distribution from the Form 4970, less the portion of the EIC used to offset other taxes as well as the refundable portion of the EIC (with tax limited to zero).

### Appendix B: Income Tax Structure

Taxpayers must file an income tax return if they meet certain minimum filing requirements. The filing

requirements for 2003 generally were based on the amount of "gross income," filing status, age, and, to a lesser extent, dependency and blindness [9]. Generally, the minimum level of income for which a return was required to be filed equaled the sum of the standard deduction for the particular filing status and the amount of the personal exemption deduction allowed for the taxpayer or taxpayers (but not for any dependents). In addition to the general filing requirements, individuals were required to file a return for Tax Year 2003 if they had net earnings from self-employment of at least \$400; liability for Social Security or Medicare tax on unreported tip income; Social Security, Medicare, or Railroad Retirement tax on reported tip income or group-term life insurance; "alternative minimum tax"; tax on qualified retirement plan distributions, including an Individual Retirement Arrangement (IRA) or a Medical Savings Account (MSA); tax on the recapture of investment credit, low-income housing credit, or a few other business credits; recapture tax on the disposition of a home purchased with a Federally-subsidized mortgage; any advance earned income credit payments; or wages of \$108.28 or more from a church or qualified church-controlled organization that was exempt from Social Security taxes.

Gross income includes all income received as money, goods, property, or services that was not expressly exempt from tax [10]. Adjusted gross income (AGI) is equal to gross income less deductions for certain expenses [11]. "Taxable income," the base on which income tax before credits is computed, equals AGI less the amount for personal exemptions and less either total allowable itemized deductions for taxpayers who itemize deductions, or the standard deduction (including the additional amounts for age and blindness) for all other taxpayers.

Income tax before credits is calculated from taxable income using: the tax table or tax rate schedules, both of which vary with taxpayer filing status (single, married filing jointly, surviving spouse, married filing separately, and head of household); Form 8615 or Form 8814 for children's investment incomes; Schedule J for Farmers to income-average; Schedule D and Qualified Dividends worksheet for net long-term capital gains and qualified dividends; or some combination of the above [12]. For 2003, the tax rates for each filing status were 5 percent, 8 percent, 10 percent, 15 percent, 20 percent, 25 per-

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cent, 26 percent, 28 percent, 33 percent, and 35 percent [13]. The tax rates of 5 percent, 8 percent, 10 percent, 15 percent, and 20 percent were used for net long-term capital gains (in excess of net short-term capital losses). The new 5-percent and 15-percent rates for 2003 in relation to long-term capital gains were only for certain sales and other dispositions after May 5, 2003, as well as any qualified dividends (explained in Appendix C: *Capital Gain and Dividend Tax Rates*). The 26-percent tax rate was only for the alternative minimum tax. Income tax before credits includes any alternative minimum tax. (See Appendix C for further details on these rates).

To calculate their Federal income tax liabilities for 2003, taxpayers used either the tax table or the tax rate schedules. Taxpayers with taxable income less than \$100,000 were required to use the tax table, while those with taxable income of \$100,000 or more were required to use the tax rate schedules. The tax table was based on income tax “brackets” up to \$50 wide [14]. The tax within each bracket was based on the tax calculated at the midpoint of the bracket and then rounded to the nearest whole dollar. As a result, the tax table and the tax rate schedules could produce different amounts of tax for the same amount of taxable income. Use of the tax table could have produced either a slightly higher or lower amount of tax than that produced by the tax rate schedules. For taxpayers using the tax table with taxable income that was subject to the 33-percent marginal rate, the maximum difference in tax between the tax rate schedules and the tax table was \$8.25 [15]. However, for most taxpayers, the actual difference in tax was smaller.

### Appendix C: Changes in Law for 2003

*Alternative Minimum Tax.*--The Alternative Minimum Tax (AMT) exemption amount increased to \$40,250 for single and head of household filers, \$58,000 for married couples filing jointly and surviving spouses, and \$29,000 for married couples filing separately. This was an increase from 2002 of \$9,000 for married filing jointly taxpayers and surviving spouses, and \$4,500 for single taxpayers and married couples filing separately.

*Capital Gain and Dividend Tax Rates.*--For long-term capital gains realized after May 5, 2003, the 8- and 10- percent capital gain tax rates were reduced to 5 percent. The 20-percent rate was

reduced to 15 percent. In addition, the 8-percent capital gain rate for qualified 5-year gain did not apply to any gain after May 5, 2003. New tax rates were applied to qualified dividends. The maximum tax rate for qualified dividends was 15 percent (generally 5 percent for amounts that would otherwise be taxed in the 10-percent and 15-percent regular tax brackets). Qualified dividends were ordinary dividends that met certain criteria, including: the dividends must have been paid by a U.S. corporation or a “qualified” foreign corporation; the stock ownership must have met certain holding period requirements; the dividends were not from certain institutions, such as mutual savings banks, cooperative banks, credit unions, tax-exempt organizations, or farmer cooperatives; and the dividends were not for any share of stock which was part of an employee stock ownership plan (ESOP).

*Child and Dependent Care Credit.*--For 2003, the maximum credit increased to \$1,050 for one qualifying individual and \$2,100 for two or more qualifying individuals (\$800 and \$1,600, respectively, for 2002). The limit on qualifying expenses increased to \$3,000 for one qualifying individual and \$6,000 for two or more individuals (\$2,400 and \$4,800, respectively, for 2002). The credit could have been as much as 35 percent (previously 30 percent) of a taxpayer’s qualified expenses.

*Child Tax Credit.*--The child tax credit increased to \$1,000 for 2003 from \$600 for 2002. For 2003, up to \$400 per eligible child may have been given in advance to taxpayers based on the age of eligible children and the taxpayer’s 2002 tax return. The taxpayer’s 2003 child tax credit was reduced by any advance child tax credit payment.

*Earned Income Credit.*--The maximum amount of investment income (interest, dividends, and capital gain income) a taxpayer could earn and still claim the credit increased to \$2,600 from \$2,550. The maximum credit for taxpayers with no qualifying children increased to \$382 from \$376. For these taxpayers, earned income and AGI had to be less than \$11,230 (\$12,230 if married filing jointly). For taxpayers with one qualifying child, the maximum credit increased \$41 to \$2,547, and, for taxpayers with two or more qualifying children, the maximum credit increased to \$4,204 from \$4,140. To be eligible for the credit, a taxpayer’s earned income and AGI had to be less than \$29,666 (\$30,666 for married filing jointly) for one

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qualifying child, or less than \$33,692 (\$34,692 for married filing jointly) for two or more qualifying children.

*Indexing.*--The following items increased due to indexing for inflation: personal exemption amounts, the basic standard deduction amounts (other than married filing joint returns, see below), most tax bracket boundaries (see *Tax Rate Reduction*, below, for details for married filing joint returns), the beginning income amounts for limiting certain itemized deductions, and for the phaseout of personal exemptions. The maximum amount of earnings subject to self-employment tax increased based on the percentage change in average covered earnings.

*Individual Retirement Arrangement Deduction.*--For 2003, a taxpayer (both taxpayers for married filing jointly), could take a deduction of up to \$3,000 (\$3,500 if age 50 or older) for IRA contributions if not covered by a retirement plan, or if covered by a retirement plan and modified AGI was less than \$50,000 (\$70,000 if married filing jointly or qualifying widow(er)). This was up from \$44,000 (\$64,000 if married filing jointly or qualifying widow(er)) for 2002.

*Lifetime Learning Credit.*--The amount of qualified tuition and related expenses a taxpayer took into account for the lifetime learning credit increased from \$5,000 for 2002 to \$10,000 for 2003. The credit equaled 20 percent of these qualified expenses, with a maximum credit of \$2,000 (\$1,000 for 2002).

*Self-employed Health Insurance Deduction.*--A self-employed taxpayer was able to deduct up to 100 percent of health insurance expenses for 2003, up from 70 percent for 2002.

*Standard Deduction.*--The standard deduction for married filing jointly returns was increased beyond general indexing for inflation to \$9,500 for 2003. This amount was equal to twice the standard deduction for single filers. For 2002, this deduction was \$7,850. The standard deductions for other filing statuses were only indexed for inflation.

*Tax Rate Reduction.*--For Tax Year 2003, both the 10-percent and 15-percent tax brackets received significant expansions on the upper taxable income threshold beyond inflation indexing for some taxpayers. The 10-percent regular income tax bracket was expanded \$2,000 for a maximum taxable income of \$14,000 for married filing joint returns (expanded \$1,000 for a maximum taxable income of \$7,000 for single or married filing separately). The 15-percent

tax bracket received a disproportionately large expansion for joint returns as compared to single filers. This expansion was \$10,100 and aligned the joint returns maximum taxable income amount (\$56,800) to exactly double the amount for single or married filing separately filers (\$28,400). Also, for Tax Year 2003, there was a reduction of the former tax rates of 27 percent, 30 percent, 35 percent and 38.6 percent to 25 percent, 28 percent, 33 percent, and 35 percent, respectively. Also, as cited above (Capital Gains and Dividend Tax Rate), tax rates were reduced for some long-term gains and all qualified dividends.

### Appendix D: Income and Tax Concepts

As discussed in Appendix B, gross income is all income received that is not specifically excluded. Total income is the net amount of gross income after certain expenses (i.e., business or rent and royalty expenses) have been deducted. Adjusted gross income (AGI) is total income less statutory adjustments to income (i.e., deductible contributions to an IRA or Keogh plan).

#### 1979 Income Concept

To analyze changes in income and taxes over a period of years, a consistent definition of income should be used. Because the components of AGI may vary from year to year as the law changes, the "1979 Income Concept" was developed to provide a more uniform measure of income across tax years. By including the same income and deduction items in each year's income calculation and using only items available on Federal individual income tax returns, the definition of the 1979 Income Concept is consistent throughout the base years and can be used for future years to compare income by including only income components common to all years. Tax Years 1979 through 1986 were used as base years in identifying the income and deduction items included in this concept. The 1979 Income Concept applied to 2003 includes many income and deduction items that are also components of AGI (Figure G). However, unlike AGI, the 1979 Income Concept also includes some nontaxable (i.e., tax-exempt) amounts of income reported on individual income tax returns and disallowed passive loss deductions. In addition, only straight-line deductions for depreciation are included in the 1979 Income Concept [16].

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**Figure G**

## Components of the 1979 Income Concept, Tax Year 2003

### Income or Loss:

Salaries and wages <sup>1</sup>  
Interest <sup>1</sup>  
Dividends <sup>1</sup>  
Taxable refunds <sup>1</sup>  
Alimony received <sup>1</sup>  
Capital gain distributions not reported on Schedule D <sup>1</sup>  
Capital gains reported on Schedule D minus allowable losses <sup>1</sup>  
Other gains and losses (Form 4797) <sup>1</sup>  
Business net income or loss <sup>1</sup>  
Farm net income or loss <sup>1</sup>  
Rent net income or loss <sup>1</sup>  
Royalty net income or loss <sup>1</sup>  
Partnership net income or loss <sup>1</sup>  
S corporation net income or loss <sup>1</sup>  
Farm rental net income or loss <sup>1</sup>  
Estate or trust net income or loss <sup>1</sup>  
Unemployment compensation <sup>1</sup>  
Depreciation in excess of straight-line depreciation <sup>2</sup>  
Total pension income <sup>3,4</sup>  
Other net income or loss <sup>4,5</sup>  
Net operating loss <sup>1</sup>

### Deductions:

Disallowed passive losses (Form 8582) <sup>6</sup>  
Moving expenses <sup>1</sup>  
Alimony paid <sup>1</sup>  
Unreimbursed business expenses <sup>6</sup>

<sup>1</sup> Included in adjusted gross income (less deficit) (AGI) for Tax Year 2003.

<sup>2</sup> Adjustment to add back excess depreciation (accelerated over straight-line depreciation) deducted in the course of a trade or business and included in net income (loss) amounts shown above.

<sup>3</sup> Includes taxable and tax-exempt pension and retirement distributions, including IRA distributions.

<sup>4</sup> Not fully included in AGI for Tax Year 2003.

<sup>5</sup> Includes an adjustment to add back amounts reported for the "foreign-earned income exclusion."

<sup>6</sup> Not included in AGI for Tax Year 2003.

## Modified Taxable Income

This concept is relevant only for "prior-year returns" (about 4.2 million returns) or certain farm sole proprietor returns using income averaging on Schedule J (about 41 thousand returns). For all other returns, modified taxable income is identical to taxable income.

This is the term used in the statistics to describe "income subject to tax," the actual base on which tax is computed. Each year, a small number of returns for prior tax years are filed during the same calendar year in which the tax returns for the current tax year are being selected for the *Statistics of Income*

sample. Some of these returns are selected for the sample and act as proxies for returns for the current tax year that will be filed during a later calendar year. The tax on these returns is based on a previous year's tax law (which may reflect different tax rates and income concepts). For the statistics in this article, the taxable incomes reported on these prior-year returns and those filed with a Schedule J are modified to equal an amount necessary to generate the tax actually shown on these returns using current-year rates.

## Marginal Tax Rates

Under the progressive U.S. income tax rate structure, different portions of taxable income are taxed at different rates. Figure H illustrates how income tax is determined for a single taxpayer with AGI of \$387,000 who used the standard deduction. As shown in the example, six different tax rates were applied to the taxable income to arrive at total tax. The first \$7,000 of taxable income were taxed at the 10-percent rate; the next \$21,400 of taxable income were taxed at the 15-percent rate; the next \$40,400 were taxed at the 25-percent rate; the next \$74,700 were taxed at the 28-percent rate; the next \$168,450 were taxed at the 33-percent rate; and the remaining \$70,300 were taxed at the 35-percent rate. For purposes of this article, the tax rate applied to the last dollar of income (given certain assumptions about which source of income provided the last dollar of income

**Figure H**

## Income Tax Calculation for a Single Taxpayer With One Exemption Who Used the Standard Deduction, Tax Year 2003

[Money amounts are in whole dollars]

Item	Amount
Adjusted gross income.....	387,000
Less: Exemption amount.....	0 <sup>1</sup>
Standard deduction amount.....	4,750
Equals: Taxable income.....	382,250
Tax based on tax rates for single taxpayers:	
First \$7,000 taxed at 10 percent.....	700
Next \$21,400 taxed at 15 percent.....	3,210
Next \$40,400 taxed at 25 percent.....	10,100
Next \$74,700 taxed at 28 percent.....	20,916
Next \$168,450 taxed at 33 percent.....	55,589
Next \$70,300 taxed at 35 percent.....	24,605
Total tax from tax rate schedule.....	115,120

<sup>1</sup> The exemption amount was phased out completely because AGI exceeded \$262,000.



## Individual Income Tax Rates and Shares, 2003

subject to tax) is the marginal tax rate for that return. In the example, the marginal tax rate is 35 percent.

Since the individual income tax structure includes various types of income, deductions, exclusions, credits, and taxes which are not subject to the same treatment under tax laws, the marginal tax rate is not always apparent. For instance, investment income of a dependent under age 14 in excess of a specific amount is treated differently than salaries and wages of the same dependent. The investment income in excess of \$1,500 was taxed at the marginal tax rate of the parents, whereas the salaries and wages were taxed at the dependent's own rate.

Calculating marginal tax rates for a specific individual income tax return generally depends both on the types and amounts of income reported and the assumptions made about the order in which the income is taxed, in particular, which type of income is assumed to be received "last." Additional complexity is added by the presence of such items as the alternative minimum tax and various tax credits.

For this article, it is assumed that the income taxed at the marginal rate was the "last" income received. The alternative minimum tax and income tax credits, such as the earned income credit, are excluded in determining the marginal tax rates. The marginal tax rate is defined as follows:

- (1) If a return showed taxable income, the marginal tax rate of the return was the highest rate at which any amount of taxable income reported on the return was taxed.
- (2) If the return had no taxable income except for net long-term capital gains or qualified dividends and that amount was less than or equal to the 15-percent tax bracket limit, the return was defined as having an "5-percent, 8-percent, or 10-percent rate" marginal tax rate. If the return had taxable income (from other than net long-term capital gains) to which only the 15-percent tax rate applied, as well as net long-term capital gains to which the 20-percent or 25-percent rate on the net gain applied, the return was defined as having a marginal tax rate equal to the maximum rate at which the net gains were taxed. If the return had taxable income (from other than net long-term capital gains) to which the 25-percent tax rate applied as the highest

rate, as well as net long-term capital gains to which the maximum 28-percent rate on net gain applied, the return was defined as having a "28-percent" marginal tax rate. However, if the return had taxable income (from other than net long-term capital gains) above the maximum amount to which the 25-percent applied, as well as net long-term capital gains to which the 28-percent rate on the net gain applied, the return was classified as having the highest rate at which any amount of taxable income reported on the return was taxed.

- (3) For returns of dependents with a Form 8615 attached when the use of this form resulted in the taxation of some of the dependent's income as if it were that of the parents, the return was classified as having a "Form 8615" marginal tax rate (the returns in the Form 8615 classification are not distributed by tax rate).
- (4) For returns of parents choosing to report interest and dividend incomes of their dependents under age 14 on their own (i.e., the parents') returns using Form 8814, when the dependent's income generated the only tax liability on the parent's return, the return was classified with a "Form 8814" marginal tax rate of 10 percent.

The classification of returns into marginal tax rate categories for Statistics of Income purposes was essentially a function of filing status, size of taxable income, presence of net long-term capital gains (in excess of net short-term capital losses) and/or qualified dividends, and presence of Form 8615 or Form 8814. Returns were classified into one of the following 15 mutually exclusive marginal tax rate categories: (1) 5-percent rate (capital gains); (2) 8-percent rate (capital gains); (3) 10-percent rate; (4) 10-percent (capital gains); (5) Form 8814 (10-percent rate with no tax liability other than that generated by the dependent's income); (6) 15-percent rate; (7) 15-percent (capital gains); (8) 20-percent rate; (9) 25-percent rate; (10) 25-percent capital gains; (11) 28-percent rate; (12) 28-percent capital gains; (13) 33-percent rate; (14) 35-percent rate; and (15) Form 8615 (with income taxed at any rate) [17].

Table 1 presents statistics by marginal tax rate classification and filing status for returns with modi-



## Individual Income Tax Rates and Shares, 2003

fied taxable income. For each marginal rate classification, modified taxable income and “income tax generated” were computed “at all rates” and “at marginal rate.” The “at all rates” computations (columns 3 and 5) show the total amount of modified taxable income or tax generated, tabulated by the marginal tax rate specified; each tax rate classification is mutually exclusive. The “at marginal rate” computations (columns 4 and 6) report the specific amounts of modified taxable income taxed and the tax generated at the marginal tax rate shown, for all returns in each of the marginal rate classifications. The alternative minimum tax was not included in the statistics by marginal tax rate.

For example, consider returns in the “joint returns and returns of surviving spouses” filing status that were included in the “35-percent” marginal tax rate classification. The total modified taxable income for the 641,635 returns in this classification “at all rates” was \$581.0 billion (column 3), and the total tax generated was \$173.7 billion (column 5). Approximately \$307.0 billion (column 4) of the modified taxable income was subject to tax at the marginal tax rate of 35 percent. This modified taxable income generated \$107.4 billion (column 6) in tax at the 35-percent tax rate with the remainder generated at some or all of the lower eight tax rates.

Table 2 provides statistics on the tax generated, in total and at each tax rate bracket, for returns with modified taxable income. Returns in this table are classified by size of AGI. The tax generated at each tax rate was computed based on the modified taxable income for each individual return.

For example, the 2.0 million returns included in the “\$200,000 under \$500,000” income-size classification showed total modified taxable income of \$483.4 billion and generated total tax of \$117.7 billion. Of the \$483.4 billion of modified taxable income, \$25.6 billion were taxed at the 10-percent (ordinary tax) rate, \$77.3 billion were taxed at the 15-percent (ordinary tax rate), \$103.7 billion were taxed at the 25-percent (ordinary tax) rate, \$103.4 billion were taxed at the 28-percent (ordinary tax) rate, \$103.8 billion were taxed at the 33-percent rate, and \$17.3 billion were taxed at the 35-percent rate, with the remainder consisting of income related to special capital gain and qualified dividend tax rates and Forms 8814 and 8615. For individuals in these classes, these were as follows: Approximately \$0.12

billion of the total tax generated were from the 5-percent rate; \$.02 billion of the total tax generated were from the 8-percent rate; \$.02 billion were from the 10-percent rate, \$5.3 billion were from the 15-percent capital gain and qualified dividend rate; \$2.4 billion were from the 20-percent capital gain rate, \$0.5 billion were from the 25-percent capital gain rate, \$.02 billion were from the 28-percent capital gain rate, with the remainder from tax related to special capital gain tax rates and Forms 8814 and 8615.

Table 3 presents statistics on the income and tax generated at each tax rate by filing status, for returns with modified taxable income. Over 0.6 million of the 44.0 million returns with modified taxable income filed jointly had some income taxed at the 35-percent tax rate. For these returns, the taxable income subject to this rate was \$307.0 billion, and the tax generated was \$107.4 billion.

### Appendix E: Computation of Alternative Minimum Taxable Income (AMTI)

AMTI was computed by adding certain “tax preferences” (i.e., deduction or exclusion amounts identified as potential sources of tax savings disallowed for AMT purposes) and “adjustments” (i.e., regular tax deduction amounts recomputed or excluded for AMT purposes) to taxable income before any deductions were taken for personal exemptions (Figures I-1 and I-2). Although itemized deductions for some taxpayers were limited for regular tax purposes, the full amounts of such itemized deductions were included as adjustments. (To compensate for this, the overall limitation on itemized deductions

**Figure I-1**

#### Calculation of Alternative Minimum Taxable Income (AMTI), Tax Year 2003

	Taxable income before deduction for personal exemptions
PLUS:	Adjustments and preferences (see Figure I-2)
PLUS:	Net operating loss deduction
MINUS:	Overall itemized deductions limitation
MINUS:	Alternative tax net operating loss deduction <sup>1</sup>
EQUALS:	Alternative minimum taxable income

<sup>1</sup> Limited to 90 percent of AMTI, except when depletion is present on Form 6251. In this case, AMTI is recalculated, and the alternative tax net operating loss deduction is limited to 90 percent of the recomputed amount.

## Figure I-2

### Alternative Minimum Tax Adjustments and Preferences, Tax Year 2003

- Medical and dental expenses from Schedule A (the lesser of deductible medical and dental expenses or 2.5 percent of AGI)
- Deductions for State and local income, real estate, personal property, and foreign taxes
- Deductions for interest on certain home mortgages not used to buy, build, or improve the taxpayer's main home or second home
- Miscellaneous itemized deductions subject to the 2-percent-of-AGI limitation
- Refunds of State and local income, real estate, personal property, and foreign taxes previously deducted (negative)
- Investment interest expense (the result could be negative)
- Excess of percentage depletion deduction for sections 611 and 613 property over the adjusted basis (the result could be negative)
- Tax-exempt interest from private activity bonds issued after August 7, 1986
- Excluded gain, under the section 1202 gain on qualified small business stock held more than 5 years, multiplied by 7 percent if sold after May 5, 2003, otherwise multiplied by 42 percent
- Incentive stock options which were exercised after 1987 (the amount by which the value of the option when exercised exceeded the price paid by the taxpayer; the result could be negative)
- Difference between income distributions to beneficiaries of estates and trusts for regular tax purposes and the amounts refigured for AMT purposes (the result could be negative)
- Electing large partnerships, enter the amount from Schedule K-1 (Form 1065-B), box 6.
- Adjustment of gain or loss on property, the basis of which was affected by accelerated depreciation or rapid amortization and which was reduced for AMT purposes (the result could be negative)
- Excess of depreciation on property placed in service after 1986 over less liberal methods allowed for alternative minimum tax (AMT) purposes (straight-line or 150-percent declining balance method, depending on the type of property; the result could be negative)
- Passive activity gains and losses allowed for regular tax purposes for activities acquired before October 23, 1986, taking into account AMT adjustments and preference items and any AMT prior-year unallowed losses (the result could be negative)
- Adjustment for refigured loss from activities in which allowable losses from partnerships or S corporations were limited by "at-risk" and other rules, taking into account AMT adjustments and preference items (the result could be negative)
- Excess of circulation expenditures paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Deferred income from long-term contracts entered into after February 28, 1986, with certain exceptions and limitations (the result could be negative)
- Excess of mining exploration and development costs paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Excess of research and experimental expenditures paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Adjustment from disallowing the installment sales method of accounting for sales of inventory and stock in trade after March 1, 1986, with certain exceptions (the result is negative)
- Amount by which excess intangible drilling costs deducted currently over allowable amortization (if these costs were capitalized) were more than 65 percent of the taxpayer's "net income" from oil, gas, and geothermal wells, with exceptions for independent oil producers and royalty owners
- Excess of accelerated depreciation on property placed in service before 1987 over straight-line depreciation as refigured for AMT purposes
- Adjustment for taxable distributions received from a cooperative (total AMT patronage dividend and per-unit retain allocation adjustment)
- Excess of rapid amortization of pollution control facilities placed in service after 1986 over otherwise allowable depreciation (the result could be negative)
- Adjustment for refigured tax shelter farm losses, taking into account AMT adjustments and preference items (the result could be negative)
- Related adjustments, refigured for AMT purposes, including section 179 expense deduction, expenses for business or rental use of the home, conservation expenses, taxable IRA distributions, self-employed health insurance deduction, Keogh retirement plan or self-employed SEP deduction, and IRA deductions (the result could be negative)

was then subtracted from taxable income for AMT purposes.) The “net operating loss deduction” was recomputed to allow for the exclusion of the “tax preference items” and “adjustments” used to reduce regular tax liability. The recomputed net operating loss deduction, termed the “alternative net operating loss deduction,” was limited to 90 percent of AMTI (with certain minor exceptions for 2003).

AMTI was reduced by an exemption amount which depended on the filing status of the individual and which was subject to phaseout at higher AMTI levels. The AMTI exemption for single filers (and heads of households) for 2003 was \$40,250; for joint filers and surviving spouses, \$58,000; and for married persons filing separately, \$29,000. The exemption was reduced (but not below zero) by 25 percent of the amount by which the AMTI exceeded threshold levels of \$112,500 for single filers and heads of households, \$150,000 for joint filers, and \$75,000 for married persons filing separately. The exemption was phased out completely for individuals whose filing status was single or head of household, married filing jointly, and married filing separately, at \$273,500, \$382,000, and \$191,000, of AMTI, respectively.

After reduction by the exemption, the first \$175,000 (\$87,500 if married filing separately) of the remaining AMTI were subject to tax at a 26-percent rate, with any excess taxed at a 28-percent rate. However, capital gains and qualified dividends (recalculated for AMT purposes) that were taxed at lower rates (5 percent, 8 percent, 10 percent, 15 percent, 20 percent, and 25 percent) were taxed at these same rates for the AMT, with the rest of AMTI being taxed at the rates mentioned above (26 percent or 28 percent). The resulting tax was reduced by the “alternative minimum tax foreign tax credit,” which produced a “tentative minimum tax.” Tentative minimum tax was further reduced by the individual’s regular tax before credits (excluding tax on lump-sum distributions from qualified retirement plans) less the foreign tax credit (for regular tax purposes) to yield the alternative minimum tax.

Dependents under the age of 14 with investment income over a certain amount who filed their own returns were subject to special rules for AMT purposes. These rules required that the dependents pay the same amount of AMT as their parents would have paid if the parents included the dependents’

incomes on their own tax returns. (Dependents filing their own returns were limited to an AMT exemption of \$5,600 plus their “earned incomes.” The dependent’s AMT could be reduced if the parents had regular tax greater than the child’s own tentative minimum tax, or if any other dependent under age 14 of the same parents had regular tax greater than this dependent’s own tentative minimum tax.)

### Appendix F: Data Sources and Limitations

These statistics are based on a sample of individual income tax returns (Forms 1040, 1040A, and 1040EZ, including electronically-filed returns) filed during Calendar Year 2004. Returns in the sample were stratified based on: (1) the larger of positive income or negative income; (2) the size of business and farm receipts; (3) the presence or absence of specific forms or schedules; and (4) the usefulness of returns for tax policy modeling purposes [18]. Returns were then selected at rates ranging from 0.05 percent to 100 percent. The 2003 data are based on a sample of 182,810 returns and an estimated final population of 131,291,334 returns. The corresponding sample and population for the 2002 data were 175,566 and 130,540,073 returns, respectively.

Since the data presented here are estimates based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known; coefficients of variation (CV’s) are used to measure that magnitude. Figure J shows estimated CV’s for the numbers of returns and money amounts for selected income items. The reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of estimates based on samples, are discussed in the appendix to this issue of the *Bulletin*.

### Notes and References

- [1] For Tax Years 1988 through 1990, the tax rate schedules provided only two basic rates: 15 percent and 28 percent. However, taxable income over certain levels was subject to a 33-percent tax rate to phase out the benefit of the 15-percent tax bracket (as compared to the 28-percent rate) and the deduction for personal exemptions. At the taxable income level where

# Individual Income Tax Rates and Shares, 2003

**Figure J**

## Coefficients of Variation for Selected Items, by Size of Adjusted Gross Income, Tax Year 2003

[Coefficients of variation are percentages]

Size of adjusted gross income	Modified taxable income		Tax generated	Income tax after credits	Total income tax
	Number of returns	Amount			
	(1)	(2)	(3)	(4)	(5)
<b>Total.....</b>	<b>0.17</b>	<b>0.17</b>	<b>0.20</b>	<b>0.20</b>	<b>0.20</b>
Under \$2,000 <sup>1</sup> .....	7.17	8.48	8.53	16.77	16.75
\$2,000 under \$4,000.....	8.06	9.15	10.07	11.01	11.01
\$4,000 under \$6,000.....	4.11	5.19	5.57	5.72	5.72
\$6,000 under \$8,000.....	3.74	4.25	4.29	4.41	4.41
\$8,000 under \$10,000.....	2.54	3.31	3.47	3.97	3.97
\$10,000 under \$12,000.....	2.51	2.80	2.83	3.04	3.04
\$12,000 under \$14,000.....	2.48	2.72	2.77	3.01	3.01
\$14,000 under \$16,000.....	2.35	2.56	2.62	2.91	2.91
\$16,000 under \$18,000.....	2.21	2.55	2.62	2.97	2.97
\$18,000 under \$20,000.....	2.12	2.45	2.54	2.96	2.96
\$20,000 under \$25,000.....	1.33	1.49	1.56	1.86	1.86
\$25,000 under \$30,000.....	1.40	1.53	1.60	1.90	1.90
\$30,000 under \$40,000.....	1.05	1.13	1.18	1.30	1.30
\$40,000 under \$50,000.....	1.08	1.13	1.20	1.37	1.37
\$50,000 under \$75,000.....	0.77	0.81	0.86	0.91	0.91
\$75,000 under \$100,000.....	0.95	0.97	1.03	1.08	1.08
\$100,000 under \$200,000.....	0.97	0.90	0.91	0.91	0.91
\$200,000 under \$500,000.....	1.00	0.89	0.91	0.90	0.90
\$500,000 under \$1,000,000.....	1.16	1.03	1.06	1.06	1.06
\$1,000,000 under \$1,500,000.....	1.40	1.28	1.35	1.37	1.37
\$1,500,000 under \$2,000,000.....	1.22	1.21	1.27	1.28	1.28
\$2,000,000 under \$5,000,000.....	0.64	0.59	0.62	0.59	0.59
\$5,000,000 under \$10,000,000.....	0.71	0.55	0.60	0.62	0.62
\$10,000,000 or more.....	--	--	--	--	--

<sup>1</sup> Includes returns with adjusted gross deficit.

these benefits were completely phased out, the tax rate returned to 28 percent.

- [2] Nontaxable (i.e., tax-exempt) forms of income, such as interest on State and local government obligations, were not included in AGI and generally did not affect the marginal tax rate. However, in some situations, the receipt of some forms of tax-exempt income, such as tax-exempt interest, could have influenced the taxability of other income, in particular Social Security benefits. When this situation occurred, the income made taxable by the receipt of other forms of nontaxable income was included in AGI.
- [3] These 2002 are data from Parisi, Michael, "Individual Income Tax Rates and Shares, 2002," *Statistics of Income Bulletin* Winter 2004-2005, Volume 24, Number 3, pp. 20-58.

- [4] Tax generated does not include certain other taxes reported on the individual income tax return, such as self-employment tax (the Social Security tax on income from self-employment); the Social Security tax on certain tip income; tax from the recapture of prior-year investment or low-income housing credits; tax applicable to early withdrawals from an Individual Retirement Arrangement (IRA) or other qualified retirement plans; tax on trusts, accumulation, and distributions; and household employment taxes. The statistics for "total tax liability," shown in Parisi, Michael, and Hollenbeck, Scott, "*Individual Income Tax Returns: 2003*," *Statistics of Income Bulletin*, Fall 2005, Volume 25, Number 2, include these taxes.
- [5] The income amounts on which these special computations for lump-sum distributions were



## Individual Income Tax Rates and Shares, 2003

based were not reflected in current-year AGI or current-year taxable income.

- [6] For 2003, the total earned income credit was \$38.7 billion. This amount includes the amount used to reduce the income tax (\$0.9 billion), the amount used to reduce other taxes reported on individual income tax returns (\$3.7 billion), and the amount refunded to taxpayers (\$34 billion). Table 4 in Parisi, Michael, and Hollenbeck, Scott, "*Individual Income Tax Returns: 2003*," *Statistics of Income Bulletin*, Fall 2005, Volume 25, Number 2, shows these amounts.
- [7] The percentile groupings of tax filers exclude returns with zero or negative AGI.
- [8] For an explanation of the osculatory interpolation technique, see Oh, H. Lock, "Osculatory Interpolation with a Monotonicity Constraint," *1977 Proceedings of the American Statistical Association, Section on Statistical Computing*, 1978.
- [9] Taxpayers fall into one of five filing statuses: single; married filing jointly; married filing separately; head of household; or surviving spouse. Being age 65 or older or being legally blind affects the amount of the standard deduction and, hence, the filing requirements. Taxpayers who are (or could be) dependents of other taxpayers have different filing requirements. For more information on the general filing requirements, see Parisi, Michael, and Hollenbeck, Scott, "*Individual Income Tax Returns: 2003*," *Statistics of Income Bulletin*, Fall 2005, Volume 25, Number 2.
- [10] As defined under section 61 of the Internal Revenue Code, gross income includes amounts from wages and salaries, interest and dividends, alimony, bartering income, canceled debt income, gambling winnings, rents and royalties, and gains from property sales or exchanges, as well as gross income from sole proprietorships and farming, income from partnerships and S corporations, and distributions from estates and trusts. This definition of gross income is slightly different from the Form 1040, *U.S. Individual Income Tax Return*, concept of "total income," which is a component of the adjusted gross income (AGI) calculation on Form 1040. Total income includes net amounts rather than gross amounts (income prior to deductions) from such items as business income and rents and royalties.
- [11] As defined under Internal Revenue Code section 62, deductible expenses are those incurred in the course of a trade or business or in connection with rents and royalties; losses from property sales or exchanges; and certain statutory adjustments, such as deductible contributions to an IRA or Keogh plan, moving expenses, or the health insurance deduction for certain self-employed taxpayers.
- [12] Income tax before credits includes tax on lumpsum distributions from qualified retirement plans.
- [13] The 26-percent tax rate is for AMT purposes only.
- [14] For taxable income between \$0 and \$5 and between \$5 and \$25, the tax brackets were \$5 and \$10 wide, respectively. For taxable income between \$25 and \$3,000, the brackets were \$25 wide. Brackets for taxable income above \$3,000 were \$50 wide.
- [15] For example, assume a taxpayer filing as "married filing separately" reported taxable income of \$98,000. Using the tax table, the tax would be \$23,071, but, using the tax rate schedules, the tax would be \$23,062.75, a difference of \$8.25.
- [16] For more details on the income computation under the 1979 Income Concept for 2003, see *Individual Income Tax Returns 2003*, Statistics of Income Division, Internal Revenue Service, Publication 1304.
- [17] For some taxpayers, the statutory marginal tax rate may differ from the effective marginal tax rate. For example, extra income received by certain taxpayers may result in the phaseout of their personal exemptions as well as some of their itemized deductions. Therefore, an extra \$1 of income could add more than \$1 of taxable



## Individual Income Tax Rates and Shares, 2003

income. While this taxpayer could face a statutory marginal tax rate of 35 percent, the effective marginal rate faced by the taxpayer would be somewhat higher.

[18] Returns in the sample were stratified based on the presence or absence of one or more of the

following forms or schedules: Form 2555, *Foreign Earned Income*; Form 1116, *Foreign Tax Credit (Individual, Fiduciary, or Non-resident Alien Individual)*; Schedule C, *Profit or Loss From Business (Sole Proprietorship)*; and Schedule F, *Profit or Loss From Farming*.

# Individual Income Tax Rates and Shares, 2003

**Table 1.--Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate, Tax Year 2003**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Highest marginal rate at which tax was computed	Number of returns	Adjusted gross income (less deficit)	Modified taxable income		Tax generated		Income tax after credits		
			Taxed at all rates	Taxed at marginal rate	At all rates	At marginal rate	Total	As a percentage of--	
								Adjusted gross income (less deficit)	Modified taxable income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All returns</b>									
<b>Total.....</b>	<b>101,386,201</b>	<b>6,056,906,001</b>	<b>4,206,592,864</b>	<b>1,476,381,921</b>	<b>780,309,227</b>	<b>331,464,700</b>	<b>747,690,732</b>	<b>12.3</b>	<b>17.8</b>
5 percent.....	678,141	14,989,722	4,130,293	4,115,356	208,010	205,768	262,065	1.7	6.3
8 percent.....	68,473	1,841,020	720,891	393,867	47,862	31,509	42,418	2.3	5.9
10 percent.....	23,243,875	416,481,979	106,142,753	106,135,364	10,615,439	10,613,536	5,354,716	1.3	5.0
10 percent (capital gains).....	2,583,832	59,446,450	19,866,025	1,240,723	1,689,343	124,072	1,339,994	2.3	6.7
10 percent (Form 8814) <sup>1</sup> .....	13,826	-295,440	8,681	8,681	870	870	492	(X)	5.7
15 percent.....	40,997,696	1,662,347,629	1,000,557,078	574,796,758	128,796,537	86,219,514	108,471,544	6.5	10.8
15 percent (capital gains) <sup>2</sup> .....	6,474,523	401,021,331	259,768,302	48,385,193	33,235,065	7,257,779	31,088,912	7.8	12.0
20 percent.....	430,386	82,983,621	67,771,415	28,642,759	10,720,608	5,728,552	10,961,066	13.2	16.2
25 percent.....	15,578,547	1,190,502,522	887,311,030	238,553,113	148,923,302	59,638,278	145,051,874	12.2	16.3
25 percent (capital gains).....	5,751,843	573,198,788	436,467,662	3,624,425	74,792,138	906,106	73,936,476	12.9	16.9
28 percent.....	1,756,615	243,393,541	196,015,310	35,135,435	41,655,938	9,837,922	41,854,635	17.2	21.4
28 percent (capital gains).....	1,678,502	288,503,732	233,408,084	364,409	48,461,009	102,035	49,376,294	17.1	21.2
33 percent.....	1,277,577	358,924,926	305,591,419	66,200,131	74,561,983	21,846,043	76,331,709	21.3	25.0
35 percent.....	752,028	762,484,568	687,885,619	367,903,515	206,409,506	128,766,230	203,427,104	26.7	29.6
Form 8615 <sup>3</sup> .....	100,337	1,081,611	948,301	882,194	191,617	186,486	191,432	17.7	20.2
<b>Joint returns and returns of surviving spouses</b>									
<b>Total.....</b>	<b>44,033,987</b>	<b>4,041,178,963</b>	<b>2,867,802,099</b>	<b>961,330,648</b>	<b>551,095,132</b>	<b>229,187,721</b>	<b>529,558,212</b>	<b>13.1</b>	<b>18.5</b>
5 percent.....	226,593	9,071,074	2,408,091	2,397,958	121,423	119,898	181,098	2.0	7.5
8 percent.....	28,357	1,260,125	482,473	229,770	31,018	18,382	27,770	2.2	5.8
10 percent.....	6,575,099	185,117,314	45,359,508	45,358,064	4,536,273	4,535,806	2,027,059	1.1	4.5
10 percent (capital gains).....	1,216,493	39,784,897	12,722,831	845,611	1,097,882	84,561	828,426	2.1	6.5
10 percent (Form 8814) <sup>1</sup> .....	8,229	-335,049	4,937	4,937	494	494	492	(X)	10.0
15 percent.....	17,301,376	991,052,577	590,474,243	348,251,552	76,460,433	52,237,733	63,120,860	6.4	10.7
15 percent (capital gains) <sup>2</sup> .....	4,273,780	309,387,745	199,278,450	32,487,270	25,558,411	4,873,091	23,582,774	7.6	11.8
20 percent.....	247,502	60,491,852	49,621,305	21,055,514	7,881,862	4,211,103	8,049,791	13.3	16.2
25 percent.....	6,880,658	711,982,085	520,962,922	130,138,165	86,342,426	32,534,541	83,171,568	11.7	16.0
25 percent (capital gains).....	3,636,716	431,399,229	325,684,263	2,814,052	55,354,781	703,513	54,492,787	12.6	16.7
28 percent.....	858,563	147,439,850	116,716,483	18,281,985	24,249,917	5,118,956	24,395,323	16.5	20.9
28 percent (capital gains).....	1,146,349	219,173,629	176,081,085	264,694	36,115,227	74,114	36,941,285	16.9	21.0
33 percent.....	992,637	291,193,510	246,974,688	52,242,380	59,603,838	17,239,985	61,036,805	21.0	24.7
35 percent.....	641,635	644,160,124	581,030,822	306,958,696	173,741,145	107,435,544	171,702,173	26.7	29.6
Form 8615 <sup>3</sup> .....	--	--	--	--	--	--	--	(X)	(X)
<b>Returns of married persons filing separately</b>									
<b>Total.....</b>	<b>2,027,382</b>	<b>101,649,749</b>	<b>74,697,606</b>	<b>31,623,916</b>	<b>14,992,426</b>	<b>7,966,313</b>	<b>14,598,485</b>	<b>14.4</b>	<b>19.5</b>
5 percent.....	1,866	38,565	20,834	20,834	1,041	1,042	1,471	3.8	7.1
8 percent.....	948	15,165	686	185	40	15	40	0.3	5.8
10 percent.....	285,859	3,911,186	944,457	944,457	94,453	94,446	71,425	1.8	7.6
10 percent (capital gains).....	10,837	277,351	84,363	10,031	7,209	1,003	9,044	3.3	10.7
10 percent (Form 8814) <sup>1</sup> .....	31	364	47	47	5	5	--	(X)	(X)
15 percent.....	973,600	26,698,033	16,372,795	9,557,595	2,115,179	1,433,639	1,936,365	7.3	11.8
15 percent (capital gains) <sup>2</sup> .....	94,852	5,406,537	3,703,484	1,656,878	496,361	248,532	520,643	9.6	14.1
20 percent.....	5,913	1,708,145	1,410,614	670,494	238,071	134,099	250,973	14.7	17.8
25 percent.....	417,625	21,634,442	16,168,345	4,307,799	2,709,915	1,076,950	2,679,526	12.4	16.6
25 percent (capital gains).....	75,576	4,786,814	3,667,555	92,274	626,873	23,069	633,987	13.2	17.3
28 percent.....	79,505	6,709,440	5,371,749	814,135	1,113,743	227,958	1,103,876	16.5	20.5
28 percent (capital gains).....	21,539	2,186,965	1,830,782	--	375,149	--	380,399	17.4	20.8
33 percent.....	36,406	5,228,425	4,356,559	833,037	1,042,067	274,902	1,074,201	20.5	24.7
35 percent.....	22,824	23,048,318	20,765,338	12,716,151	6,172,321	4,450,653	5,936,534	25.8	28.6
Form 8615 <sup>3</sup> .....	--	--	--	--	--	--	--	(X)	(X)

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2003

**Table 1.--Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate, Tax Year 2003**  
**--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Highest marginal rate at which tax was computed	Number of returns	Adjusted gross income (less deficit)	Modified taxable income		Tax generated		Income tax after credits		
			Taxed at all rates	Taxed at marginal rate	At all rates	At marginal rate	Total	As a percentage of--	
								Adjusted gross income (less deficit)	Modified taxable income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Returns of heads of households</b>									
<b>Total.....</b>	<b>13,218,829</b>	<b>479,466,173</b>	<b>258,524,437</b>	<b>113,932,793</b>	<b>39,252,287</b>	<b>19,272,331</b>	<b>31,310,258</b>	<b>6.5</b>	<b>12.1</b>
5 percent.....	17,833	622,592	173,145	173,145	8,659	8,657	4,055	0.7	2.3
8 percent.....	2,238	85,868	18,608	18,608	1,488	1,489	--	(X)	(X)
10 percent.....	5,449,711	110,462,842	25,657,553	25,652,289	2,566,017	2,565,229	294,170	0.3	1.1
10 percent (capital gains).....	108,516	2,437,285	762,832	81,353	68,098	8,135	29,106	1.2	3.8
10 percent (Form 8814) <sup>1</sup> .....	4,613	37,166	3,356	3,356	337	337	--	(X)	(X)
15 percent.....	5,886,561	215,681,160	119,272,449	60,403,475	14,947,590	9,060,521	9,908,212	4.6	8.3
15 percent (capital gains) <sup>2</sup> .....	289,602	13,866,378	8,650,342	1,333,990	1,098,423	200,099	942,231	6.8	10.9
20 percent.....	7,870	1,286,323	1,001,864	500,375	161,835	100,075	167,401	13.0	16.7
25 percent.....	1,130,895	81,429,236	58,846,484	15,815,943	9,843,254	3,953,986	9,419,662	11.6	16.0
25 percent (capital gains).....	179,248	15,899,437	11,735,740	116,971	2,069,150	29,243	2,056,084	12.9	17.5
28 percent.....	53,370	7,641,743	6,142,963	899,390	1,332,965	251,829	1,364,713	17.9	22.2
28 percent (capital gains).....	37,702	6,156,912	5,042,836	1,427	1,079,404	400	1,121,460	18.2	22.2
33 percent.....	34,932	9,059,843	7,745,815	1,701,677	1,942,583	561,553	2,005,245	22.1	25.9
35 percent.....	15,740	14,799,389	13,470,450	7,230,795	4,132,483	2,530,778	3,997,918	27.0	29.7
Form 8615 <sup>3</sup> .....	--	--	--	--	--	--	--	(X)	(X)
<b>Returns of single persons</b>									
<b>Total.....</b>	<b>42,106,004</b>	<b>1,434,611,116</b>	<b>1,005,568,721</b>	<b>369,494,564</b>	<b>174,969,382</b>	<b>75,038,339</b>	<b>172,223,777</b>	<b>12.0</b>	<b>17.1</b>
5 percent.....	431,848	5,257,491	1,528,224	1,523,419	76,887	76,171	75,441	1.4	4.9
8 percent.....	36,930	479,863	219,124	145,303	15,315	11,624	14,608	3.0	6.7
10 percent.....	10,933,206	116,990,637	34,181,236	34,180,554	3,418,695	3,418,055	2,962,062	2.5	8.7
10 percent (capital gains).....	1,247,986	16,946,917	6,295,998	303,729	516,153	30,373	473,418	2.8	7.5
10 percent (Form 8814) <sup>1</sup> .....	953	2,079	342	342	34	34	--	(X)	(X)
15 percent.....	16,836,159	428,915,859	274,437,591	156,584,137	35,273,335	23,487,621	33,506,106	7.8	12.2
15 percent (capital gains) <sup>2</sup> .....	1,816,289	72,360,670	48,136,026	12,907,055	6,081,869	1,936,058	6,043,264	8.4	12.6
20 percent.....	169,101	19,497,301	15,737,633	6,416,375	2,438,840	1,283,275	2,492,901	12.8	15.8
25 percent.....	7,149,369	375,456,760	291,333,280	88,291,206	50,027,708	22,072,802	49,781,118	13.3	17.1
25 percent (capital gains).....	1,860,304	121,113,308	95,380,104	601,128	16,741,335	150,282	16,753,617	13.8	17.6
28 percent.....	765,177	81,602,508	67,784,116	15,139,925	14,959,313	4,239,179	14,990,723	18.4	22.1
28 percent (capital gains).....	472,913	60,986,225	50,453,381	98,288	10,891,229	27,521	10,933,150	17.9	21.7
33 percent.....	213,603	53,443,148	46,514,357	11,423,038	11,973,494	3,769,603	12,215,457	22.9	26.3
35 percent.....	71,829	80,476,737	72,619,009	40,997,872	22,363,556	14,349,255	21,790,480	27.1	30.0
Form 8615 <sup>3</sup> .....	100,337	1,081,611	948,301	882,194	191,617	186,486	191,432	17.7	20.2

<sup>1</sup> Form 8814 was filed for a dependent child under age 14 for whom the parents made the election to report the child's investment income (if it was from interest or dividends totaling between \$750 and \$7,500) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

<sup>2</sup> The 15-percent capital gain rate also includes qualified dividends.

<sup>3</sup> Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,500. The returns in this rate classification are not distributed by tax rate.

(X) Percentage not computed.

NOTE: Detail may not add to totals because of rounding.

# Individual Income Tax Rates and Shares, 2003

**Table 2.--Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2003**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of adjusted gross income	Number of returns	Taxable income	Modified taxable income	Tax generated at all rates	Tax generated at specified rate					
					5 percent			8 percent		
					Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Total.....</b>	<b>101,386,201</b>	<b>4,200,198,884</b>	<b>4,206,592,864</b>	<b>780,309,227</b>	<b>9,833,227</b>	<b>33,552,373</b>	<b>1,677,914</b>	<b>1,058,265</b>	<b>3,780,577</b>	<b>302,428</b>
Under \$2,000 <sup>1</sup> .....	306,971	133,341	135,890	11,228	146,816	54,370	2,723	14,746	1,232	96
\$2,000 under \$4,000.....	252,214	306,304	309,924	30,903	108,818	89,114	4,456	15,489	4,637	370
\$4,000 under \$6,000.....	1,088,782	901,452	902,101	88,988	127,313	100,095	4,998	15,743	13,829	1,106
\$6,000 under \$8,000.....	1,327,663	2,576,620	2,581,019	254,546	76,153	105,597	5,284	*2,942	*3,384	*270
\$8,000 under \$10,000.....	2,708,320	5,247,379	5,299,908	534,454	178,848	130,319	6,517	*6,753	*14,773	*1,182
\$10,000 under \$12,000.....	2,773,154	9,312,280	9,382,820	932,199	235,793	211,158	10,566	20,660	11,090	886
\$12,000 under \$14,000.....	2,835,848	13,112,939	13,186,471	1,325,606	233,814	250,765	12,541	*10,293	*8,712	*697
\$14,000 under \$16,000.....	3,160,163	18,454,981	18,587,500	1,898,310	262,748	437,116	21,862	28,748	44,417	3,553
\$16,000 under \$18,000.....	3,558,118	22,431,789	22,520,835	2,441,156	278,628	446,599	22,347	27,079	23,721	1,894
\$18,000 under \$20,000.....	3,801,322	27,977,560	28,135,544	3,169,157	343,171	505,429	25,289	37,482	41,783	3,342
\$20,000 under \$25,000.....	9,017,109	90,709,409	91,182,518	10,631,719	726,473	1,386,090	69,336	83,047	145,190	11,617
\$25,000 under \$30,000.....	8,231,170	114,185,800	114,621,949	13,880,145	713,408	1,228,471	61,438	74,472	155,099	12,406
\$30,000 under \$40,000.....	13,724,590	273,848,438	274,442,822	34,725,739	1,448,840	2,995,072	149,790	151,113	219,192	17,534
\$40,000 under \$50,000.....	10,356,423	286,908,791	287,303,379	39,416,550	1,128,287	2,959,979	148,055	138,708	309,804	24,776
\$50,000 under \$75,000.....	17,318,862	707,527,353	708,440,519	103,554,424	2,407,995	7,567,900	378,451	272,171	897,856	71,825
\$75,000 under \$100,000.....	9,528,081	577,227,012	577,755,776	90,071,461	957,583	5,509,690	275,518	102,760	719,388	57,552
\$100,000 under \$200,000.....	8,864,329	875,864,823	876,960,093	165,058,719	341,795	5,952,185	297,620	45,247	882,551	70,606
\$200,000 under \$500,000.....	1,996,650	482,851,392	483,357,788	117,695,811	86,620	2,480,833	124,043	8,868	226,708	18,136
\$500,000 under \$1,000,000.....	355,526	212,835,816	213,060,087	60,145,607	17,175	617,449	30,873	1,090	27,625	2,210
\$1,000,000 under \$1,500,000.....	81,525	88,369,158	88,446,206	25,758,910	5,219	190,481	9,524	435	16,722	1,338
\$1,500,000 under \$2,000,000.....	33,950	52,503,976	52,575,144	15,462,081	2,176	91,449	4,572	167	5,483	439
\$2,000,000 under \$5,000,000.....	48,176	128,218,696	128,414,292	37,415,357	3,627	153,014	7,651	177	5,350	428
\$5,000,000 under \$10,000,000.....	11,151	68,513,593	68,612,525	19,637,138	1,084	50,221	2,511	41	1,107	89
\$10,000,000 or more.....	6,106	140,179,982	140,377,754	36,169,017	840	38,976	1,949	33	924	74

Size of adjusted gross income	Tax generated at specified rate--continued								
	10 percent			10 percent (capital gains)			10 percent (from Form 8814) <sup>2</sup>		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
<b>Total.....</b>	<b>100,367,644</b>	<b>914,053,162</b>	<b>91,405,316</b>	<b>1,445,014</b>	<b>3,942,692</b>	<b>394,303</b>	<b>92,871</b>	<b>62,588</b>	<b>6,267</b>
Under \$2,000 <sup>1</sup> .....	212,221	71,290	7,129	18,473	2,526	253	3,665	2,574	258
\$2,000 under \$4,000.....	203,297	159,238	15,924	20,269	7,581	759	--	--	--
\$4,000 under \$6,000.....	1,048,326	743,459	74,346	*12,849	*10,674	*1,066	*952	*682	*69
\$6,000 under \$8,000.....	1,308,015	2,438,212	243,821	*9,905	*4,639	*465	--	--	--
\$8,000 under \$10,000.....	2,629,500	5,055,013	505,501	17,299	9,634	966	*983	*345	*35
\$10,000 under \$12,000.....	2,718,084	9,092,170	909,217	40,755	18,660	1,864	*2,314	*2,008	*202
\$12,000 under \$14,000.....	2,806,138	12,547,233	1,254,723	27,283	12,279	1,226	*1,990	*1,425	*143
\$14,000 under \$16,000.....	3,110,666	16,877,312	1,687,731	32,305	12,271	1,226	*963	*722	*72
\$16,000 under \$18,000.....	3,514,588	17,828,757	1,782,876	48,019	26,930	2,696	*2,942	*885	*88
\$18,000 under \$20,000.....	3,729,100	19,904,672	1,990,467	51,353	65,984	6,600	*1,990	*1,425	*143
\$20,000 under \$25,000.....	8,915,110	57,930,376	5,793,038	100,091	86,646	8,667	*4,237	*3,889	*391
\$25,000 under \$30,000.....	8,195,414	63,536,664	6,353,666	109,922	148,993	14,900	*3,890	*2,105	*211
\$30,000 under \$40,000.....	13,661,593	126,677,101	12,667,710	204,406	370,886	37,105	*5,951	*2,610	*261
\$40,000 under \$50,000.....	10,315,126	109,246,082	10,924,608	174,425	337,384	33,734	*7,925	*5,192	*518
\$50,000 under \$75,000.....	17,251,628	202,863,761	20,286,376	398,324	1,070,424	107,050	10,135	5,688	568
\$75,000 under \$100,000.....	9,479,613	121,509,542	12,150,954	127,766	914,172	91,426	8,940	5,448	546
\$100,000 under \$200,000.....	8,793,836	115,233,968	11,523,397	42,538	601,415	60,144	22,548	17,617	1,764
\$200,000 under \$500,000.....	1,960,517	25,646,763	2,564,676	6,946	167,148	16,715	9,059	6,732	673
\$500,000 under \$1,000,000.....	344,467	4,489,203	448,920	1,305	47,260	4,726	2,826	2,044	205
\$1,000,000 under \$1,500,000.....	77,759	1,004,809	100,481	307	10,024	1,002	617	439	44
\$1,500,000 under \$2,000,000.....	32,173	418,266	41,827	118	4,348	435	304	214	21
\$2,000,000 under \$5,000,000.....	45,033	582,204	58,220	270	9,676	968	431	358	36
\$5,000,000 under \$10,000,000.....	10,153	129,826	12,983	43	1,530	153	141	128	13
\$10,000,000 or more.....	5,285	67,242	6,724	43	1,607	161	68	57	6

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2003

**Table 2.--Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2003--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of adjusted gross income	Tax generated at specified rate--continued								
	15 percent			15 percent (capital gains and qualified dividends)			20 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
<b>Total.....</b>	<b>74,461,039</b>	<b>1,583,782,894</b>	<b>237,567,434</b>	<b>9,461,124</b>	<b>205,205,659</b>	<b>30,781,069</b>	<b>2,188,286</b>	<b>75,411,601</b>	<b>15,082,328</b>
Under \$2,000 <sup>1</sup> .....	--	--	--	--	--	--	--	--	--
\$2,000 under \$4,000.....	--	--	--	--	--	--	--	--	--
\$4,000 under \$6,000.....	--	--	--	--	--	--	--	--	--
\$6,000 under \$8,000.....	*952	*130	*20	--	--	--	--	--	--
\$8,000 under \$10,000.....	14,753	24,424	3,664	--	--	--	--	--	--
\$10,000 under \$12,000.....	57,508	21,698	3,255	--	--	--	--	--	--
\$12,000 under \$14,000.....	278,117	345,179	51,777	--	--	--	--	--	--
\$14,000 under \$16,000.....	1,189,754	1,188,883	178,332	--	--	--	--	--	--
\$16,000 under \$18,000.....	1,885,812	4,164,932	624,740	--	--	--	--	--	--
\$18,000 under \$20,000.....	1,895,169	7,600,412	1,140,062	--	--	--	--	--	--
\$20,000 under \$25,000.....	4,911,584	31,568,553	4,735,283	--	--	--	--	--	--
\$25,000 under \$30,000.....	5,343,039	49,527,622	7,429,143	--	--	--	--	--	--
\$30,000 under \$40,000.....	11,366,492	141,808,012	21,271,202	140,630	100,276	15,042	27,063	15,815	3,164
\$40,000 under \$50,000.....	9,848,169	152,268,254	22,840,238	548,688	906,111	135,935	123,034	180,204	36,035
\$50,000 under \$75,000.....	17,016,450	409,166,050	61,374,908	1,209,541	3,214,924	482,257	257,639	1,222,928	244,593
\$75,000 under \$100,000.....	9,428,702	342,769,656	51,415,448	1,973,234	5,707,444	856,165	452,188	1,598,180	319,631
\$100,000 under \$200,000.....	8,762,796	345,796,109	51,869,416	3,748,269	24,390,448	3,658,668	850,087	8,869,742	1,773,961
\$200,000 under \$500,000.....	1,948,807	77,287,743	11,593,161	1,384,798	35,403,614	5,310,564	341,060	11,951,411	2,390,279
\$500,000 under \$1,000,000.....	343,131	13,577,220	2,036,583	296,312	24,721,315	3,708,206	83,355	8,405,432	1,681,087
\$1,000,000 under \$1,500,000.....	77,446	3,036,254	455,438	70,769	13,045,233	1,956,786	21,963	4,616,059	923,212
\$1,500,000 under \$2,000,000.....	32,070	1,267,179	190,077	29,975	8,417,532	1,262,630	9,976	2,968,834	593,767
\$2,000,000 under \$5,000,000.....	44,898	1,765,652	264,848	42,978	25,017,138	3,752,572	15,299	8,920,286	1,784,057
\$5,000,000 under \$10,000,000.....	10,114	394,286	59,143	10,236	16,373,557	2,456,034	4,039	5,379,344	1,075,869
\$10,000,000 or more.....	5,275	204,648	30,697	5,696	47,908,067	7,186,210	2,582	21,283,366	4,256,673

Size of adjusted gross income	Tax generated at specified rate--continued								
	25 percent			25 percent (capital gains)			28 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)
<b>Total.....</b>	<b>26,738,916</b>	<b>640,244,673</b>	<b>160,061,168</b>	<b>349,114</b>	<b>7,250,430</b>	<b>1,812,650</b>	<b>5,459,365</b>	<b>199,378,501</b>	<b>55,825,980</b>
Under \$2,000 <sup>1</sup> .....	--	--	--	--	--	--	--	--	--
\$2,000 under \$4,000.....	--	--	--	--	--	--	--	--	--
\$4,000 under \$6,000.....	--	--	--	--	--	--	--	--	--
\$6,000 under \$8,000.....	--	--	--	--	--	--	--	--	--
\$8,000 under \$10,000.....	--	--	--	--	--	--	--	--	--
\$10,000 under \$12,000.....	--	--	--	--	--	--	--	--	--
\$12,000 under \$14,000.....	--	--	--	--	--	--	--	--	--
\$14,000 under \$16,000.....	--	--	--	--	--	--	--	--	--
\$16,000 under \$18,000.....	--	--	--	--	--	--	--	--	--
\$18,000 under \$20,000.....	--	--	--	--	--	--	--	--	--
\$20,000 under \$25,000.....	--	--	--	--	--	--	--	--	--
\$25,000 under \$30,000.....	--	--	--	--	--	--	--	--	--
\$30,000 under \$40,000.....	1,298,994	2,253,857	563,464	--	--	--	--	--	--
\$40,000 under \$50,000.....	3,172,315	21,048,129	5,262,032	*4,804	*7,772	*1,943	--	--	--
\$50,000 under \$75,000.....	5,203,998	82,059,755	20,514,939	27,250	39,100	9,778	28,174	105,435	29,522
\$75,000 under \$100,000.....	6,330,711	93,807,632	23,451,908	52,199	276,455	69,119	573,383	4,923,945	1,378,705
\$100,000 under \$200,000.....	8,338,463	309,939,981	77,484,995	142,888	1,403,026	350,773	2,558,591	61,561,654	17,237,263
\$200,000 under \$500,000.....	1,892,957	103,680,076	25,920,019	82,819	2,044,350	511,100	1,811,739	103,367,806	28,942,986
\$500,000 under \$1,000,000.....	335,338	18,373,529	4,593,382	22,969	1,072,395	268,102	325,021	19,607,171	5,490,008
\$1,000,000 under \$1,500,000.....	75,545	4,127,076	1,031,769	5,940	481,597	120,400	73,472	4,441,760	1,243,693
\$1,500,000 under \$2,000,000.....	31,435	1,724,517	431,129	3,047	315,292	78,823	30,766	1,858,274	520,317
\$2,000,000 under \$5,000,000.....	43,995	2,406,686	601,672	4,926	843,388	210,848	43,232	2,608,830	730,472
\$5,000,000 under \$10,000,000.....	9,956	541,323	135,331	1,304	330,488	82,622	9,817	593,258	166,112
\$10,000,000 or more.....	5,209	282,112	70,528	968	436,567	109,142	5,171	310,367	86,903

Footnotes at end of table.



# Individual Income Tax Rates and Shares, 2003

**Table 2.--Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2003--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax generated at specified rate--continued											
	28 percent (capital gains)			33 percent			35 percent			Form 8615 <sup>3</sup>		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
<b>Total.....</b>	<b>9,600</b>	<b>805,760</b>	<b>225,613</b>	<b>2,029,605</b>	<b>170,336,243</b>	<b>56,210,960</b>	<b>752,028</b>	<b>367,903,515</b>	<b>128,766,230</b>	<b>100,337</b>	<b>882,194</b>	<b>186,486</b>
Under \$2,000 <sup>1</sup> .....	--	--	--	--	--	--	--	--	--	22,689	3,898	750
\$2,000 under \$4,000.....	--	--	--	--	--	--	--	--	--	34,182	49,352	9,376
\$4,000 under \$6,000.....	--	--	--	--	--	--	--	--	--	*8,572	*33,362	*7,338
\$6,000 under \$8,000.....	--	--	--	--	--	--	--	--	--	*5,969	*29,057	*4,647
\$8,000 under \$10,000.....	--	--	--	--	--	--	--	--	--	*8,781	*65,401	*16,453
\$10,000 under \$12,000.....	--	--	--	--	--	--	--	--	--	*2,857	*26,035	*6,064
\$12,000 under \$14,000.....	--	--	--	--	--	--	--	--	--	*1,905	*20,878	*4,339
\$14,000 under \$16,000.....	--	--	--	--	--	--	--	--	--	*1,905	*26,778	*5,338
\$16,000 under \$18,000.....	--	--	--	--	--	--	--	--	--	*1,905	*29,011	*6,348
\$18,000 under \$20,000.....	--	--	--	--	--	--	--	--	--	*952	*15,839	*3,144
\$20,000 under \$25,000.....	--	--	--	--	--	--	--	--	--	*2,982	*61,774	*13,098
\$25,000 under \$30,000.....	--	--	--	--	--	--	--	--	--	*983	*22,996	*8,012
\$30,000 under \$40,000.....	--	--	--	--	--	--	--	--	--	--	--	--
\$40,000 under \$50,000.....	--	--	--	--	--	--	--	--	--	*927	*34,468	*8,316
\$50,000 under \$75,000.....	*2,023	*459	*129	--	--	--	--	--	--	*3,707	*226,240	*53,904
\$75,000 under \$100,000.....	*2,044	*198	*55	*1,991	*14,027	*4,629	--	--	--	--	--	--
\$100,000 under \$200,000.....	*1,409	*13,373	*3,744	121,812	2,052,877	677,449	2,967	58,057	20,320	*1,996	*187,089	*28,140
\$200,000 under \$500,000.....	2,590	64,559	18,077	1,431,201	103,760,959	34,241,116	300,261	17,267,594	6,043,658	*6	*1,491	*493
\$500,000 under \$1,000,000.....	478	76,105	21,309	315,549	42,743,102	14,105,224	295,852	79,298,284	27,754,399	*3	*1,954	*348
\$1,000,000 under \$1,500,000....	397	70,623	19,775	71,668	9,817,592	3,239,805	68,501	47,587,535	16,655,637	--	--	--
\$1,500,000 under \$2,000,000....	153	82,158	23,004	30,164	4,126,098	1,361,612	29,051	31,295,499	10,953,425	--	--	--
\$2,000,000 under \$5,000,000....	298	172,996	48,439	42,393	5,793,149	1,911,739	40,897	80,108,966	28,038,138	*11	*26,598	*5,267
\$5,000,000 under \$10,000,000....	122	161,733	45,285	9,705	1,331,518	439,401	9,492	43,304,234	15,156,482	*3	*19,972	*5,111
\$10,000,000 or more.....	86	163,555	45,795	5,122	696,920	229,984	5,007	68,983,346	24,144,171	--	--	--

<sup>1</sup> Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>2</sup> Includes returns with adjusted gross deficit.

<sup>3</sup> Form 8814 was filed for a dependent child under age 14 for whom the parents made the election to report the child's investment income (if it was from interest or dividends totaling between \$750 and \$7,500) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

<sup>4</sup> Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,500. The returns in this rate classification are not distributed by tax rate.

NOTE: Detail may not add to totals because of rounding.

# Individual Income Tax Rates and Shares, 2003

**Table 3.--Returns with Modified Taxable Income: Taxable Income and Tax, Classified by Tax Rate and by Filing Status, Tax Year 2003**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Tax rate classes	All returns			Joint returns and returns of surviving spouses			Returns of married persons filing separately		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All tax rates.....</b>	<b>101,386,201</b>	<b>4,206,592,861</b>	<b>780,305,566</b>	<b>44,033,987</b>	<b>2,867,802,099</b>	<b>551,093,751</b>	<b>2,027,382</b>	<b>74,697,606</b>	<b>14,992,353</b>
5 percent.....	9,833,227	33,552,373	1,677,619	5,735,137	21,989,140	1,099,457	109,279	358,270	17,913
8 percent.....	1,058,265	3,780,577	302,446	638,945	2,744,256	219,540	12,762	24,298	1,944
10 percent.....	100,367,644	914,053,162	91,405,316	43,667,544	555,949,302	55,594,930	2,017,756	13,037,057	1,303,706
10 percent (capital gains).....	1,445,014	3,942,692	394,269	837,753	2,774,756	277,476	12,290	22,530	2,253
10 percent (Form 8814) <sup>1</sup> .....	92,871	62,588	6,267	70,255	48,325	4,837	56	67	7
15 percent.....	74,461,039	1,583,782,894	237,567,434	35,870,035	1,052,826,848	157,924,027	1,721,892	24,754,136	3,713,120
15 percent (capital gains) <sup>2</sup> .....	9,461,124	205,205,659	30,780,849	6,285,159	152,654,959	22,898,244	144,743	5,995,346	899,302
20 percent.....	2,188,286	75,411,601	15,082,320	1,441,471	57,677,194	11,535,439	25,602	2,464,341	492,868
25 percent.....	26,738,916	640,244,673	160,061,168	14,119,838	423,664,278	105,916,069	652,367	9,830,617	2,457,654
25 percent (capital gains).....	349,114	7,250,430	1,812,607	236,994	5,705,659	1,426,415	4,929	185,917	46,479
28 percent.....	5,459,365	199,378,501	55,825,980	3,635,902	143,892,642	40,289,940	160,274	2,894,980	810,594
28 percent (capital gains).....	9,600	805,760	225,613	5,868	609,221	170,582	*12	*14,530	*4,068
33 percent.....	2,029,605	170,336,243	56,210,960	1,634,272	140,306,823	46,301,252	59,230	2,399,367	791,791
35 percent.....	752,028	367,903,515	128,766,230	641,635	306,958,696	107,435,544	22,824	12,716,151	4,450,653
Form 8615 <sup>3</sup> .....	100,337	882,194	186,486	--	--	--	--	--	--

Tax rate classes	Returns of heads of households			Returns of single persons		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(10)	(11)	(12)	(13)	(14)	(15)
<b>All tax rates.....</b>	<b>13,218,829</b>	<b>258,524,437</b>	<b>39,251,842</b>	<b>42,106,004</b>	<b>1,005,568,719</b>	<b>174,967,619</b>
5 percent.....	403,159	934,890	46,745	3,585,652	10,270,073	513,504
8 percent.....	34,235	80,776	6,462	372,323	931,248	74,500
10 percent.....	13,184,715	102,452,847	10,245,285	41,497,629	242,613,955	24,261,396
10 percent (capital gains).....	52,205	149,977	14,998	542,765	995,430	99,543
10 percent (Form 8814) <sup>1</sup> .....	19,653	12,773	1,281	*2,907	*1,421	*143
15 percent.....	7,628,714	105,116,730	15,767,510	29,240,398	401,085,180	60,162,777
15 percent (capital gains) <sup>2</sup> .....	254,126	4,043,136	606,470	2,777,097	42,512,217	6,376,833
20 percent.....	48,027	1,325,228	265,046	673,186	13,944,838	2,788,968
25 percent.....	1,450,057	28,069,853	7,017,463	10,516,654	178,679,925	44,669,981
25 percent (capital gains).....	11,082	188,343	47,086	96,109	1,170,512	292,628
28 percent.....	141,741	4,805,859	1,345,641	1,521,448	47,785,019	13,379,805
28 percent (capital gains).....	*8	*5,732	*1,605	3,712	176,275	49,357
33 percent.....	50,672	4,107,496	1,355,474	285,431	23,522,557	7,762,444
35 percent.....	15,740	7,230,795	2,530,778	71,829	40,997,872	14,349,255
Form 8615 <sup>3</sup> .....	--	--	--	100,337	882,194	186,486

<sup>1</sup> Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>2</sup> Form 8814 was filed for a dependent child under age 14 for whom the parents made an election to report the child's investment income (if it was from interest or dividends totaling between \$750 and \$7,500) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

<sup>3</sup> The 15-percent capital gain rate also includes qualified dividends.

<sup>4</sup> Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,500. The returns in this rate classification are not distributed by tax rate.

NOTE: Detail may not add to totals because of rounding.

# Individual Income Tax Rates and Shares, 2003

**Table 4.--Returns with Modified Taxable Income: Tax Classified by Type of Tax Computation and by Size of Adjusted Gross Income, Tax Years 2002 and 2003**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of tax computation by size of adjusted gross income	Tax Year 2002				Tax Year 2003			
	Income tax before credits (regular tax computation) <sup>1</sup>		Tax generated	Difference due to special tax computation <sup>2</sup>	Income tax before credits (regular tax computation) <sup>1</sup>		Tax generated	Difference due to special tax computation <sup>2</sup>
	Number of returns	Amount	Amount		Number of returns	Amount	Amount	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Returns with regular tax computation only</b>								
<b>Total.....</b>	<b>95,006,533</b>	<b>660,142,161</b>	<b>660,083,613</b>	--	<b>82,147,347</b>	<b>381,712,020</b>	<b>381,631,905</b>	--
Under \$5,000 <sup>3</sup> .....	863,865	54,179	54,854	--	498,096	23,906	23,963	--
\$5,000 under \$10,000.....	4,768,480	859,126	859,911	--	4,485,904	772,467	773,686	--
\$10,000 under \$15,000.....	7,172,217	3,253,482	3,253,477	--	6,566,178	2,924,231	2,924,231	--
\$15,000 under \$20,000.....	9,281,861	7,295,005	7,294,518	--	8,136,494	6,136,778	6,136,555	--
\$20,000 under \$25,000.....	9,100,242	11,206,471	11,206,430	--	8,249,208	9,897,516	9,897,334	--
\$25,000 under \$30,000.....	8,032,558	14,592,733	14,592,420	--	7,484,672	12,745,641	12,745,380	--
\$30,000 under \$40,000.....	13,162,528	35,718,891	35,718,641	--	12,126,516	30,991,127	30,997,763	--
\$40,000 under \$50,000.....	9,845,728	40,123,616	40,123,249	--	8,714,704	33,417,662	33,416,902	--
\$50,000 under \$75,000.....	15,909,314	101,181,342	101,175,544	--	13,668,482	81,292,197	81,284,030	--
\$75,000 under \$100,000.....	8,195,014	87,546,568	87,539,685	--	6,749,566	63,748,432	63,742,626	--
\$100,000 under \$200,000.....	6,979,731	144,876,877	144,865,318	--	4,844,605	86,684,577	86,663,837	--
\$200,000 under \$500,000.....	1,377,068	90,716,998	90,703,589	--	554,869	32,361,381	32,333,999	--
\$500,000 under \$1,000,000.....	221,717	44,163,303	44,153,661	--	51,396	9,408,199	9,401,367	--
\$1,000,000 under \$1,500,000.....	47,078	18,122,445	18,120,554	--	8,588	3,008,567	2,997,805	--
\$1,500,000 under \$2,000,000.....	17,748	9,979,765	9,974,473	--	3,209	1,656,493	1,655,714	--
\$2,000,000 under \$5,000,000.....	24,371	24,110,384	24,109,537	--	3,936	3,581,615	3,580,726	--
\$5,000,000 under \$10,000,000.....	4,901	11,378,370	11,375,150	--	681	1,442,482	1,438,779	--
\$10,000,000 or more.....	2,110	14,962,608	14,962,603	--	244	1,618,749	1,617,209	--
<b>Returns with Form 8615 tax computation</b>								
<b>Total.....</b>	<b>126,639</b>	<b>229,749</b>	<b>289,448</b>	<b>59,699</b>	<b>100,337</b>	<b>161,140</b>	<b>191,617</b>	<b>30,477</b>
Under \$5,000 <sup>3</sup> .....	81,579	13,515	22,631	9,116	57,824	9,676	13,949	4,273
\$5,000 under \$10,000.....	23,166	12,593	32,305	19,711	22,370	14,429	28,950	14,521
\$10,000 under \$15,000.....	*8,374	*11,901	*25,465	*13,564	*4,762	*5,901	*10,664	*4,762
\$15,000 under \$20,000.....	*2,875	*6,437	*15,093	*8,656	*4,762	*9,609	*15,110	*5,500
\$20,000 under \$25,000.....	*3,833	*9,997	*17,348	*7,352	*2,982	*8,432	*13,207	*4,775
\$25,000 under \$30,000.....	*959	*1,312	*1,596	*284	*983	*3,167	*8,051	*4,885
\$30,000 under \$40,000.....	*959	*6,366	*10,988	*4,622	--	--	--	--
\$40,000 under \$50,000.....	*918	*7,151	*7,787	*635	*927	*5,658	*8,316	*2,658
\$50,000 under \$75,000.....	*1,883	*11,543	*21,329	*9,787	*3,707	*45,083	*53,974	*8,891
\$75,000 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$200,000.....	*1,977	*62,724	*69,550	*6,827	*1,996	*42,109	*28,178	*-13,931
\$200,000 under \$500,000.....	*6	*295	*415	*119	*6	*417	*493	*75
\$500,000 under \$1,000,000.....	--	--	--	--	*3	*626	*348	*-278
\$1,000,000 under \$1,500,000.....	*57	*23,307	*15,475	*-7,832	--	--	--	--
\$1,500,000 under \$2,000,000.....	*25	*14,317	*12,143	*-2,174	--	--	--	--
\$2,000,000 under \$5,000,000.....	*20	*21,952	*17,660	*-4,292	*11	*9,099	*5,267	*-3,832
\$5,000,000 under \$10,000,000.....	**9	**26,340	**19,663	**-6,676	*3	*6,935	*5,111	*-1,824
\$10,000,000 or more.....	**	**	**	**	--	--	--	--

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2003

**Table 4.--Returns with Modified Taxable Income: Tax Classified by Type of Tax Computation and by Size of Adjusted Gross Income, Tax Years 2002 and 2003--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of tax computation by size of adjusted gross income	Tax Year 2002				Tax Year 2003			
	Income tax before credits (regular tax computation) <sup>1</sup>		Tax generated	Difference due to special tax computation <sup>2</sup>	Income tax before credits (regular tax computation) <sup>1</sup>		Tax generated	Difference due to special tax computation <sup>2</sup>
	Number of returns	Amount	Amount		Number of returns	Amount	Amount	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Returns with Schedule D and qualified dividends tax computation</b>								
<b>Total.....</b>	<b>6,718,343</b>	<b>186,541,944</b>	<b>161,211,206</b>	<b>-25,330,738</b>	<b>18,130,947</b>	<b>426,097,569</b>	<b>387,710,790</b>	<b>-38,386,778</b>
Under \$5,000 <sup>3</sup> .....	57,594	6,560	6,127	-434	133,283	14,969	12,196	-2,773
\$5,000 under \$10,000.....	82,409	25,730	23,702	-2,028	211,955	58,272	50,693	-7,579
\$10,000 under \$15,000.....	151,722	75,128	70,596	-4,532	507,209	211,263	189,838	-21,426
\$15,000 under \$20,000.....	252,796	221,993	207,723	-14,269	659,170	504,952	446,728	-58,224
\$20,000 under \$25,000.....	259,022	358,546	338,440	-20,105	663,998	770,651	690,889	-79,762
\$25,000 under \$30,000.....	274,385	490,748	466,680	-24,068	709,789	1,199,604	1,111,016	-88,588
\$30,000 under \$40,000.....	577,051	1,637,956	1,558,206	-79,750	1,533,086	3,913,709	3,680,071	-233,637
\$40,000 under \$50,000.....	598,978	2,554,882	2,438,032	-116,850	1,600,422	6,303,544	5,948,858	-354,686
\$50,000 under \$75,000.....	1,385,152	9,512,110	9,057,340	-454,771	3,581,292	23,132,266	22,071,678	-1,060,588
\$75,000 under \$100,000.....	1,012,232	11,495,459	11,008,782	-486,677	2,730,047	27,241,080	26,131,200	-1,109,881
\$100,000 under \$200,000.....	1,386,719	32,883,305	30,984,697	-1,898,608	3,948,233	81,148,935	77,705,196	-3,443,739
\$200,000 under \$500,000.....	506,800	36,158,488	32,360,059	-3,798,428	1,405,648	90,627,525	84,270,561	-6,356,964
\$500,000 under \$1,000,000.....	107,662	22,130,298	18,899,231	-3,231,068	293,070	54,920,124	49,865,007	-5,055,117
\$1,000,000 under \$1,500,000.....	28,622	11,254,706	9,296,093	-1,958,613	69,171	24,869,061	22,192,520	-2,676,541
\$1,500,000 under \$2,000,000.....	12,405	7,157,939	5,863,288	-1,294,651	28,964	15,165,888	13,437,905	-1,727,983
\$2,000,000 under \$5,000,000.....	17,730	17,941,699	14,329,554	-3,612,145	41,098	37,663,505	32,624,470	-5,039,035
\$5,000,000 under \$10,000,000.....	4,467	10,616,955	8,284,390	-2,332,565	9,470	20,411,266	17,306,079	-3,105,187
\$10,000,000 or more.....	2,599	22,019,443	16,018,266	-6,001,177	5,041	37,940,955	29,975,886	-7,965,069

\* Estimate should be used with caution due to the small number of sample returns on which it is based.

\*\* Data combined to prevent disclosure of certain taxpayer information.

<sup>1</sup> Includes special tax not included in tax generated.

<sup>2</sup> The difference between the amount of tax resulting from using provisions of one of the special tax computations and the amount of tax resulting from the regular tax computation.

<sup>3</sup> Includes returns with adjusted gross deficit.

NOTE: Detail may not add to totals because of rounding.

# Individual Income Tax Rates and Shares, 2003

**Table 5.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-2003**

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns: <sup>1</sup></b>						
1986.....	102,087,623	1,020,876	5,104,381	10,208,762	25,521,906	51,043,811
1987.....	106,154,761	1,061,548	5,307,738	10,615,476	26,538,690	53,077,380
1988.....	108,872,859	1,088,729	5,443,643	10,887,286	27,218,214	54,436,429
1989.....	111,312,721	1,113,127	5,565,636	11,131,272	27,828,181	55,656,361
1990.....	112,812,262	1,128,123	5,640,613	11,281,226	28,203,066	56,406,132
1991.....	113,804,104	1,138,041	5,690,205	11,380,410	28,451,026	56,902,052
1992.....	112,652,759	1,126,528	5,632,638	11,265,276	28,163,190	56,326,380
1993.....	113,681,387	1,136,814	5,684,069	11,368,139	28,420,347	56,840,694
1994.....	114,989,920	1,149,899	5,749,496	11,498,992	28,747,480	57,494,960
1995.....	117,274,186	1,172,742	5,863,709	11,727,419	29,318,546	58,637,093
1996.....	119,441,767	1,194,418	5,972,088	11,944,177	29,860,442	59,720,884
1997.....	121,503,284	1,215,033	6,075,164	12,150,328	30,375,821	60,751,642
1998.....	123,775,831	1,237,758	6,188,792	12,377,583	30,943,958	61,887,915
1999.....	126,008,974	1,260,090	6,300,449	12,600,897	31,502,244	63,004,487
2000.....	128,227,143	1,282,271	6,411,357	12,822,714	32,056,786	64,113,572
2001.....	128,817,051	1,288,171	6,440,853	12,881,705	32,204,263	64,408,526
2002.....	128,323,986	1,283,240	6,416,199	12,832,399	32,080,997	64,161,993
2003.....	128,609,786	1,286,098	6,430,489	12,860,979	32,152,447	64,304,893
<b>Adjusted gross income floor on percentiles</b>						
<b>(current dollars):</b>						
1986.....	N/A	118,818	62,377	48,656	32,242	17,302
1987.....	N/A	139,289	68,414	52,921	33,983	17,768
1988.....	N/A	157,136	72,735	55,437	35,398	18,367
1989.....	N/A	163,869	76,933	58,263	36,839	18,993
1990.....	N/A	167,421	79,064	60,287	38,080	19,767
1991.....	N/A	170,139	81,720	61,944	38,929	20,097
1992.....	N/A	181,904	85,103	64,457	40,378	20,803
1993.....	N/A	185,715	87,386	66,077	41,210	21,179
1994.....	N/A	195,726	91,226	68,753	42,742	21,802
1995.....	N/A	209,406	96,221	72,094	44,207	22,344
1996.....	N/A	227,546	101,141	74,986	45,757	23,174
1997.....	N/A	250,736	108,048	79,212	48,173	24,393
1998.....	N/A	269,496	114,729	83,220	50,607	25,491
1999.....	N/A	293,415	120,846	87,682	52,965	26,415
2000.....	N/A	313,469	128,336	92,144	55,225	27,682
2001.....	N/A	292,913	127,904	92,754	56,085	28,528
2002.....	N/A	285,424	126,525	92,663	56,401	28,654
2003.....	N/A	295,495	130,080	94,891	57,343	29,019
<b>Adjusted gross income floor on percentiles</b>						
<b>(constant dollars): <sup>2</sup></b>						
1986.....	N/A	108,411	56,913	44,394	29,418	15,786
1987.....	N/A	122,614	60,224	46,585	29,915	15,641
1988.....	N/A	132,828	61,484	46,861	29,922	15,526
1989.....	N/A	132,152	62,043	46,986	29,709	15,317
1990.....	N/A	128,096	60,493	46,126	29,135	15,124
1991.....	N/A	124,919	60,000	45,480	28,582	14,756
1992.....	N/A	129,654	60,658	45,942	28,780	14,828
1993.....	N/A	128,522	60,475	45,728	28,519	14,657
1994.....	N/A	132,069	61,556	46,392	28,841	14,711
1995.....	N/A	137,406	63,137	47,306	29,007	14,661
1996.....	N/A	145,026	64,462	47,792	29,163	14,769
1997.....	N/A	156,222	67,320	49,353	30,014	15,198
1998.....	N/A	164,427	69,999	50,775	30,877	15,553
1999.....	N/A	176,119	72,537	52,630	31,792	15,855
2000.....	N/A	182,038	74,527	53,510	32,070	16,075
2001.....	N/A	165,394	72,221	52,374	31,669	16,108
2002.....	N/A	158,657	70,331	51,508	31,351	15,928
2003.....	N/A	160,595	70,696	51,571	31,165	15,771

Footnotes at end of Table 6.



# Individual Income Tax Rates and Shares, 2003

**Table 5.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-2003--Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted gross income (millions of dollars):</b>						
1986.....	2,524,124	285,197	608,467	886,510	1,490,173	2,103,569
1987.....	2,813,728	346,635	722,221	1,038,221	1,709,389	2,373,869
1988.....	3,124,156	473,527	890,702	1,232,536	1,950,860	2,657,865
1989.....	3,298,858	468,079	918,421	1,286,539	2,054,478	2,805,235
1990.....	3,451,237	483,252	953,337	1,338,032	2,144,177	2,932,537
1991.....	3,516,142	456,603	943,350	1,343,202	2,174,765	2,984,003
1992.....	3,680,552	523,586	1,031,093	1,443,784	2,299,401	3,131,400
1993.....	3,775,578	520,586	1,048,252	1,474,463	2,357,953	3,212,299
1994.....	3,961,146	546,700	1,103,084	1,552,205	2,481,074	3,371,352
1995.....	4,244,607	619,610	1,222,723	1,704,513	2,689,820	3,627,542
1996.....	4,590,527	736,545	1,393,805	1,909,149	2,952,637	3,944,383
1997.....	5,023,457	872,826	1,597,107	2,151,401	3,267,600	4,327,992
1998.....	5,469,211	1,010,245	1,796,647	2,393,716	3,589,600	4,721,430
1999.....	5,909,329	1,152,820	2,011,763	2,652,835	3,927,308	5,126,164
2000.....	6,423,977	1,336,773	2,267,403	2,955,386	4,313,786	5,589,755
2001.....	6,241,036	1,094,296	1,996,492	2,690,589	4,071,034	5,379,286
2002.....	6,113,778	985,781	1,867,787	2,553,475	3,935,504	5,244,029
2003.....	6,287,586	1,054,567	1,960,676	2,663,470	4,078,227	5,407,851
<b>Total income tax (millions of dollars): <sup>3</sup></b>						
1986.....	366,979	94,491	156,240	200,703	278,976	343,289
1987.....	369,046	91,559	159,642	205,230	283,857	346,655
1988.....	412,761	113,841	188,303	236,411	321,297	389,145
1989.....	432,838	109,259	190,188	241,458	334,258	407,599
1990.....	447,061	112,338	195,088	247,514	344,340	421,075
1991.....	448,349	111,267	194,480	250,282	346,511	423,759
1992.....	476,163	131,156	218,479	276,213	373,700	452,070
1993.....	502,720	145,836	238,083	297,808	398,516	478,563
1994.....	534,754	154,337	254,106	317,902	425,402	509,256
1995.....	588,331	178,035	287,741	357,402	472,808	561,225
1996.....	658,124	212,626	335,433	411,404	535,164	629,684
1997.....	727,303	241,239	377,241	459,639	594,007	696,161
1998.....	788,452	274,009	424,506	512,836	651,964	755,240
1999.....	877,292	317,419	486,464	583,002	732,890	842,168
2000.....	980,521	366,929	553,670	660,150	823,706	942,179
2001.....	887,882	300,898	472,823	576,163	736,053	852,642
2002.....	796,862	268,608	428,680	523,812	668,558	768,963
2003.....	747,939	256,340	406,597	492,452	627,380	722,027
<b>Average tax rate (percentage): <sup>4</sup></b>						
1986.....	14.54	33.13	25.68	22.64	18.72	16.32
1987.....	13.12	26.41	22.10	19.77	16.61	14.60
1988.....	13.21	24.04	21.14	19.18	16.47	14.64
1989.....	13.12	23.34	20.71	18.77	16.27	14.53
1990.....	12.95	23.25	20.46	18.50	16.06	14.36
1991.....	12.75	24.37	20.62	18.63	15.93	14.20
1992.....	12.94	25.05	21.19	19.13	16.25	14.44
1993.....	13.32	28.01	22.71	20.20	16.90	14.90
1994.....	13.50	28.23	23.04	20.48	17.15	15.11
1995.....	13.86	28.73	23.53	20.97	17.58	15.47
1996.....	14.34	28.87	24.07	21.55	18.12	15.96
1997.....	14.48	27.64	23.62	21.36	18.18	16.09
1998.....	14.42	27.12	23.63	21.42	18.16	16.00
1999.....	14.85	27.53	24.18	21.98	18.66	16.43
2000.....	15.26	27.45	24.42	22.34	19.09	16.86
2001.....	14.23	27.50	23.68	21.41	18.08	15.85
2002.....	13.03	27.25	22.95	20.51	16.99	14.66
2003.....	11.90	24.31	20.74	18.49	15.38	13.35

Footnotes at end of Table 6.

# Individual Income Tax Rates and Shares, 2003

**Table 5.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-2003--Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Adjusted gross income share (percentage):</b>						
1986.....	100.00	11.30	24.11	35.12	59.04	83.34
1987.....	100.00	12.32	25.67	36.90	60.75	84.37
1988.....	100.00	15.16	28.51	39.45	62.44	85.07
1989.....	100.00	14.19	27.84	39.00	62.28	85.04
1990.....	100.00	14.00	27.62	38.77	62.13	84.97
1991.....	100.00	12.99	26.83	38.20	61.85	84.87
1992.....	100.00	14.23	28.01	39.23	62.47	85.08
1993.....	100.00	13.79	27.76	39.05	62.45	85.08
1994.....	100.00	13.80	27.85	39.19	62.64	85.11
1995.....	100.00	14.60	28.81	40.16	63.37	85.46
1996.....	100.00	16.04	30.36	41.59	64.32	85.92
1997.....	100.00	17.38	31.79	42.83	65.05	86.16
1998.....	100.00	18.47	32.85	43.77	65.63	86.33
1999.....	100.00	19.51	34.04	44.89	66.46	86.75
2000.....	100.00	20.81	35.30	46.01	67.15	87.01
2001.....	100.00	17.53	31.99	43.11	65.23	86.19
2002.....	100.00	16.12	30.55	41.77	64.37	85.77
2003.....	100.00	16.77	31.18	42.36	64.86	86.01
<b>Total income tax share (percentage):</b>						
1986.....	100.00	25.75	42.57	54.69	76.02	93.54
1987.....	100.00	24.81	43.26	55.61	76.92	93.93
1988.....	100.00	27.58	45.62	57.28	77.84	94.28
1989.....	100.00	25.24	43.94	55.78	77.22	94.17
1990.....	100.00	25.13	43.64	55.36	77.02	94.19
1991.....	100.00	24.82	43.38	55.82	77.29	94.52
1992.....	100.00	27.54	45.88	58.01	78.48	94.94
1993.....	100.00	29.01	47.36	59.24	79.27	95.19
1994.....	100.00	28.86	47.52	59.45	79.55	95.23
1995.....	100.00	30.26	48.91	60.75	80.36	95.39
1996.....	100.00	32.31	50.97	62.51	81.32	95.68
1997.....	100.00	33.17	51.87	63.20	81.67	95.72
1998.....	100.00	34.75	53.84	65.04	82.69	95.79
1999.....	100.00	36.18	55.45	66.45	83.54	96.00
2000.....	100.00	37.42	56.47	67.33	84.01	96.09
2001.....	100.00	33.89	53.25	64.89	82.90	96.03
2002.....	100.00	33.71	53.80	65.73	83.90	96.50
2003.....	100.00	34.27	54.36	65.84	83.88	96.54

Footnotes at end of Table 6.

# Individual Income Tax Rates and Shares, 2003

**Table 6.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-2003**

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns: <sup>1</sup></b>						
1986.....	102,087,623	51,043,811	76,565,717	91,878,861	96,983,242	101,066,747
1987.....	106,154,761	53,077,380	79,616,071	95,539,285	100,847,023	105,093,213
1988.....	108,872,858	54,436,429	81,654,643	97,985,572	103,429,215	107,784,129
1989.....	111,312,721	55,656,361	83,484,542	100,181,451	105,747,087	110,199,596
1990.....	112,812,262	56,406,132	84,609,198	101,531,038	107,171,651	111,684,141
1991.....	113,804,104	56,902,052	85,353,078	102,423,694	108,113,899	112,666,063
1992.....	112,652,759	56,326,380	84,489,560	101,387,483	107,020,121	111,526,231
1993.....	113,681,387	56,840,693	85,261,040	102,313,248	107,997,318	112,544,573
1994.....	114,989,920	57,494,960	86,242,440	103,490,928	109,240,424	113,840,021
1995.....	117,274,186	58,637,093	87,955,640	105,546,767	111,410,477	116,101,444
1996.....	119,441,767	59,720,883	89,581,325	107,497,590	113,469,679	118,247,349
1997.....	121,503,284	60,751,642	91,127,463	109,352,956	115,428,120	120,288,251
1998.....	123,775,831	61,887,916	92,831,873	111,398,248	117,587,039	122,538,073
1999.....	126,008,974	63,004,487	94,506,731	113,408,077	119,708,525	124,748,884
2000.....	128,227,143	64,113,572	96,170,357	115,404,429	121,815,786	126,944,872
2001.....	128,817,051	64,408,526	96,612,788	115,935,346	122,376,198	127,528,880
2002.....	128,323,986	64,161,993	96,242,990	115,491,587	121,907,787	127,040,746
2003.....	128,609,786	64,304,893	96,457,340	115,748,807	122,179,297	127,323,688
<b>Adjusted gross income (millions of dollars):</b>						
1986.....	2,524,124	420,555	1,033,951	1,637,614	1,915,657	2,238,927
1987.....	2,813,728	439,859	1,104,338	1,775,506	2,091,507	2,467,093
1988.....	3,124,156	466,291	1,173,296	1,891,620	2,233,454	2,650,629
1989.....	3,298,858	493,623	1,244,380	2,012,319	2,380,437	2,830,779
1990.....	3,451,237	518,700	1,307,060	2,113,205	2,497,900	2,967,985
1991.....	3,516,142	532,138	1,341,377	2,172,939	2,572,792	3,059,539
1992.....	3,680,552	549,152	1,381,151	2,236,768	2,649,459	3,156,966
1993.....	3,775,578	563,279	1,417,625	2,301,115	2,727,326	3,254,992
1994.....	3,961,146	589,795	1,480,073	2,408,941	2,858,063	3,414,447
1995.....	4,244,607	617,065	1,554,788	2,540,094	3,021,884	3,624,997
1996.....	4,590,527	646,144	1,637,891	2,681,378	3,196,723	3,853,983
1997.....	5,023,457	695,465	1,755,857	2,872,056	3,426,350	4,150,631
1998.....	5,469,211	747,781	1,879,611	3,075,495	3,672,564	4,458,967
1999.....	5,909,329	783,164	1,982,021	3,256,494	3,897,565	4,756,509
2000.....	6,423,977	834,222	2,110,190	3,468,590	4,156,573	5,087,204
2001.....	6,241,036	861,750	2,170,001	3,550,447	4,244,543	5,146,740
2002.....	6,113,778	869,750	2,178,274	3,560,303	4,245,991	5,127,997
2003.....	6,287,586	879,735	2,209,359	3,624,117	4,326,911	5,233,019
<b>Total income tax (millions of dollars): <sup>3</sup></b>						
1986.....	366,979	23,690	88,002	166,276	210,739	272,488
1987.....	369,046	22,391	85,189	163,816	209,404	277,488
1988.....	412,761	23,616	91,464	176,350	224,459	298,920
1989.....	432,838	25,239	98,580	191,380	242,650	323,579
1990.....	447,061	25,986	102,721	199,547	251,973	334,723
1991.....	448,349	24,554	101,837	198,067	253,869	337,081
1992.....	476,163	24,093	102,463	199,950	257,683	345,007
1993.....	502,720	24,157	104,203	204,912	264,637	356,884
1994.....	534,754	25,499	109,353	216,852	280,648	380,418
1995.....	588,331	27,106	115,523	230,929	300,590	410,296
1996.....	658,124	28,440	122,960	246,720	322,691	445,498
1997.....	727,303	31,134	133,296	267,664	350,062	486,064
1998.....	788,452	33,212	136,488	275,615	363,946	514,442
1999.....	877,292	35,126	144,402	294,290	390,828	559,874
2000.....	980,521	38,343	156,816	320,371	426,851	613,592
2001.....	887,882	35,239	151,826	311,719	415,059	586,984
2002.....	796,862	27,899	128,304	273,050	368,182	528,254
2003.....	747,932	25,912	120,564	255,486	341,341	491,597

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2003

**Table 6.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-2003--Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Average tax rate (percentage):</b> <sup>4</sup>						
1986.....	14.54	5.63	8.51	10.15	11.00	12.17
1987.....	13.12	5.09	7.71	9.23	10.01	11.25
1988.....	13.21	5.06	7.80	9.32	10.05	11.28
1989.....	13.12	5.11	7.92	9.51	10.19	11.43
1990.....	12.95	5.01	7.86	9.44	10.09	11.28
1991.....	12.75	4.61	7.59	9.12	9.87	11.04
1992.....	12.94	4.39	7.42	8.94	9.73	10.93
1993.....	13.32	4.29	7.35	8.90	9.70	10.96
1994.....	13.50	4.32	7.39	9.00	9.82	11.14
1995.....	13.86	4.39	7.43	9.09	9.95	11.32
1996.....	14.34	4.40	7.51	9.20	10.09	11.56
1997.....	14.48	4.48	7.59	9.32	10.22	11.71
1998.....	14.42	4.44	7.26	8.96	9.91	11.54
1999.....	14.85	4.49	7.29	9.04	10.03	11.77
2000.....	15.26	4.60	7.43	9.24	10.27	12.06
2001.....	14.23	4.09	7.00	8.78	9.78	11.41
2002.....	13.03	3.21	5.89	7.67	8.67	10.30
2003.....	11.90	2.95	5.46	7.05	7.89	9.39
<b>Adjusted gross income share (percentage):</b>						
1986.....	100.00	16.66	40.96	64.88	75.89	88.70
1987.....	100.00	15.63	39.25	63.10	74.33	87.68
1988.....	100.00	14.93	37.56	60.55	71.49	84.84
1989.....	100.00	14.96	37.72	61.00	72.16	85.81
1990.....	100.00	15.03	37.87	61.23	72.38	86.00
1991.....	100.00	15.13	38.15	61.80	73.17	87.01
1992.....	100.00	14.92	37.53	60.77	71.99	85.77
1993.....	100.00	14.92	37.55	60.95	72.24	86.21
1994.....	100.00	14.89	37.36	60.81	72.15	86.20
1995.....	100.00	14.54	36.63	59.84	71.19	85.40
1996.....	100.00	14.08	35.68	58.41	69.64	83.96
1997.....	100.00	13.84	34.95	57.17	68.21	82.63
1998.....	100.00	13.67	34.37	56.23	67.15	81.53
1999.....	100.00	13.25	33.54	55.11	65.96	80.49
2000.....	100.00	12.99	32.85	53.99	64.70	79.19
2001.....	100.00	13.81	34.77	56.89	68.01	82.47
2002.....	100.00	14.23	35.63	58.23	69.45	83.88
2003.....	100.00	13.99	35.14	57.64	68.82	83.23
<b>Total income tax share (percentage):</b>						
1986.....	100.00	6.46	23.98	45.31	57.43	74.25
1987.....	100.00	6.07	23.08	44.39	56.74	75.19
1988.....	100.00	5.72	22.16	42.72	54.38	72.42
1989.....	100.00	5.83	22.78	44.22	56.06	74.76
1990.....	100.00	5.81	22.98	44.64	56.36	74.87
1991.....	100.00	5.48	22.71	44.18	56.62	75.18
1992.....	100.00	5.06	21.52	41.99	54.12	72.46
1993.....	100.00	4.81	20.73	40.76	52.64	70.99
1994.....	100.00	4.77	20.45	40.55	52.48	71.14
1995.....	100.00	4.61	19.64	39.25	51.09	69.74
1996.....	100.00	4.32	18.68	37.49	49.03	67.69
1997.....	100.00	4.28	18.33	36.80	48.13	66.83
1998.....	100.00	4.21	17.31	34.96	46.16	65.25
1999.....	100.00	4.00	16.46	33.55	44.55	63.82
2000.....	100.00	3.91	15.99	32.67	43.53	62.58
2001.....	100.00	3.97	17.10	35.11	46.75	66.11
2002.....	100.00	3.50	16.10	34.27	46.20	66.29
2003.....	100.00	3.46	16.12	34.16	45.64	65.73

N/A-- Not applicable.

<sup>1</sup> The number of returns with negative adjusted gross income, i.e., returns with an adjusted gross deficit, and the corresponding amounts for adjusted gross deficit, were excluded from Tables 5 and 6. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2003, there were 4,522 returns with no adjusted gross income that reported income tax, mostly alternative minimum tax, totaling \$78.6 million.

<sup>2</sup> For Table 5, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100).

<sup>3</sup> Total income tax is the sum of income tax after credits and alternative minimum tax for 1999 and prior years (for 2000 and later years, alternative minimum tax is included in income tax before credits) on returns that showed a positive amount for adjusted gross income. Therefore, total income tax excludes alternative minimum tax, Form 8814 tax (tax on a child's interest or dividends), and Form 4972 tax (tax on lump-sum distributions from qualified retirement plans) reported on some returns with a negative amount for adjusted gross income. See also footnote 1 and Figure D.

<sup>4</sup> The average tax rate was computed by dividing total income tax (see footnote 3) by (positive) adjusted gross income.

# Individual Income Tax Rates and Shares, 2003

**Table 7.--Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986-2003**

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns:</b>						
1986.....	101,988,805	1,019,888	5,099,440	10,198,881	25,497,201	50,994,402
1987.....	106,191,624	1,061,916	5,309,581	10,619,162	26,547,906	53,095,812
1988.....	108,879,154	1,088,792	5,443,958	10,887,915	27,219,788	54,439,577
1989.....	111,328,835	1,113,288	5,566,442	11,132,884	27,832,209	55,664,418
1990.....	112,717,959	1,127,180	5,635,898	11,271,796	28,179,490	56,358,980
1991.....	113,823,123	1,138,231	5,691,156	11,382,312	28,455,781	56,911,562
1992.....	112,687,747	1,126,877	5,634,387	11,268,775	28,171,937	56,343,874
1993.....	113,721,706	1,137,217	5,686,085	11,372,171	28,430,426	56,860,853
1994.....	115,061,112	1,150,611	5,753,056	11,506,111	28,765,278	57,530,556
1995.....	117,333,779	1,173,338	5,866,689	11,733,378	29,333,445	58,666,889
1996.....	119,487,813	1,194,878	5,974,391	11,948,781	29,871,953	59,743,906
1997.....	121,555,156	1,215,552	6,077,758	12,155,516	30,388,789	60,777,578
1998.....	123,852,016	1,238,520	6,192,601	12,385,202	30,963,004	61,926,008
1999.....	126,107,596	1,261,076	6,305,380	12,610,760	31,526,899	63,053,798
2000.....	128,340,271	1,283,403	6,417,014	12,834,027	32,085,068	64,170,135
2001.....	128,863,007	1,288,630	6,443,150	12,886,301	32,215,752	64,431,504
2002.....	128,415,184	1,284,152	6,420,759	12,841,518	32,103,796	64,207,592
2003.....	128,757,145	1,287,571	6,437,857	12,875,715	32,189,286	64,378,573
<b>Income floor on percentiles (current dollars):</b>						
1986.....	N/A	147,863	68,362	52,035	33,623	17,909
1987.....	N/A	145,624	69,222	53,094	34,165	17,959
1988.....	N/A	161,774	73,451	55,532	35,432	18,534
1989.....	N/A	169,603	77,542	58,429	36,783	19,152
1990.....	N/A	174,813	80,400	60,623	38,026	19,947
1991.....	N/A	180,268	83,300	62,413	38,913	20,302
1992.....	N/A	197,031	87,370	65,283	40,423	21,041
1993.....	N/A	199,698	88,992	66,685	41,013	21,390
1994.....	N/A	210,742	93,186	69,118	42,480	22,000
1995.....	N/A	224,523	98,420	72,210	43,860	22,575
1996.....	N/A	246,268	103,489	75,574	45,508	23,378
1997.....	N/A	268,889	110,949	79,598	47,738	24,551
1998.....	N/A	301,513	120,262	84,904	50,232	25,612
1999.....	N/A	332,253	126,643	89,172	52,399	26,487
2000.....	N/A	353,945	134,128	93,715	54,592	27,647
2001.....	N/A	323,861	131,728	93,633	55,203	28,404
2002.....	N/A	315,937	132,253	93,833	55,695	28,541
2003.....	N/A	327,160	134,818	96,021	56,573	28,896
<b>Income floor on percentiles (constant dollars): <sup>1</sup></b>						
1986.....	N/A	134,912	62,374	47,477	30,678	16,340
1987.....	N/A	128,190	60,935	46,738	30,075	15,809
1988.....	N/A	136,749	62,089	46,942	29,951	15,667
1989.....	N/A	136,777	62,534	47,120	29,664	15,445
1990.....	N/A	133,751	61,515	46,383	29,094	15,262
1991.....	N/A	132,355	61,160	45,825	28,571	14,906
1992.....	N/A	140,436	62,274	46,531	28,812	14,997
1993.....	N/A	138,199	61,586	46,149	28,383	14,803
1994.....	N/A	142,201	62,879	46,638	28,664	14,845
1995.....	N/A	147,325	64,580	47,382	28,780	14,813
1996.....	N/A	156,959	65,959	48,167	29,004	14,900
1997.....	N/A	167,532	69,127	49,594	29,743	15,297
1998.....	N/A	183,962	73,375	51,802	30,648	15,627
1999.....	N/A	199,432	76,016	53,525	31,452	15,899
2000.....	N/A	205,543	77,891	54,422	31,703	16,055
2001.....	N/A	182,869	74,381	52,870	31,171	16,038
2002.....	N/A	175,618	73,515	52,158	30,959	15,865
2003.....	N/A	177,804	73,271	52,185	30,746	15,704

Footnotes at end of Table 8.



# Individual Income Tax Rates and Shares, 2003

**Table 7.--Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986-2003--Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Income (millions of dollars):</b>						
1986.....	2,804,691	427,513	796,935	1,097,550	1,732,231	2,368,620
1987.....	2,856,118	363,880	749,240	1,067,438	1,741,747	2,411,715
1988.....	3,153,639	484,675	911,170	1,255,108	1,973,061	2,683,524
1989.....	3,336,571	486,976	947,363	1,317,619	2,085,003	2,838,481
1990.....	3,497,118	504,687	987,582	1,376,162	2,182,091	2,973,847
1991.....	3,577,337	478,756	985,590	1,390,924	2,224,979	3,038,428
1992.....	3,763,002	556,421	1,090,019	1,509,728	2,369,701	3,206,490
1993.....	3,849,532	554,075	1,105,014	1,537,285	2,422,475	3,278,866
1994.....	4,033,642	579,564	1,161,972	1,617,250	2,544,400	3,436,167
1995.....	4,317,506	653,717	1,284,726	1,772,890	2,754,988	3,692,267
1996.....	4,670,644	772,868	1,462,979	1,984,931	3,025,107	4,015,461
1997.....	5,112,706	918,007	1,679,877	2,242,353	3,353,245	4,409,075
1998.....	5,626,390	1,072,779	1,925,214	2,542,399	3,742,006	4,869,467
1999.....	6,082,931	1,236,081	2,166,370	2,825,789	4,099,929	5,290,805
2000.....	6,601,494	1,424,436	2,430,957	3,138,299	4,495,910	5,758,808
2001.....	6,361,523	1,159,037	2,121,055	2,828,677	4,202,776	5,491,703
2002.....	6,262,714	1,057,775	2,005,658	2,712,226	4,092,069	5,383,263
2003.....	6,429,711	1,122,582	2,091,401	2,813,645	4,226,517	5,539,087
<b>Total income tax (millions of dollars): <sup>2</sup></b>						
1986.....	366,763	93,128	155,553	198,862	277,578	342,296
1987.....	368,924	89,908	158,485	204,050	282,970	346,228
1988.....	412,549	112,208	186,793	235,121	320,152	388,631
1989.....	432,643	107,508	188,588	240,229	333,285	407,106
1990.....	446,906	110,530	192,991	245,856	342,926	420,345
1991.....	448,177	107,926	192,548	246,745	345,168	423,180
1992.....	476,067	127,361	216,303	272,361	372,352	451,494
1993.....	502,638	142,329	235,908	294,238	397,261	477,997
1994.....	534,693	150,133	250,770	314,909	423,743	508,540
1995.....	588,292	173,877	284,036	354,427	471,035	560,748
1996.....	658,059	208,071	331,404	407,726	532,750	628,918
1997.....	731,123	238,978	376,046	459,674	595,060	699,131
1998.....	783,437	262,464	413,303	503,577	644,182	749,547
1999.....	877,199	307,382	479,531	577,903	729,679	841,172
2000.....	980,459	355,911	546,102	654,155	819,937	941,304
2001.....	887,770	291,907	466,057	570,430	732,094	851,539
2002.....	796,763	259,192	420,834	517,937	664,670	767,890
2003.....	747,800	248,107	400,202	487,657	624,070	720,861
<b>Average tax rate (percentage): <sup>3</sup></b>						
1986.....	13.08	21.78	19.52	18.12	16.02	14.45
1987.....	12.92	24.71	21.15	19.12	16.25	14.36
1988.....	13.08	23.15	20.50	18.73	16.23	14.48
1989.....	12.97	22.08	19.91	18.23	15.98	14.34
1990.....	12.78	21.90	19.54	17.87	15.72	14.13
1991.....	12.53	22.54	19.54	17.74	15.51	13.93
1992.....	12.65	22.89	19.84	18.04	15.71	14.08
1993.....	13.06	25.69	21.35	19.14	16.40	14.58
1994.....	13.26	25.90	21.58	19.47	16.65	14.80
1995.....	13.63	26.60	22.11	19.99	17.10	15.19
1996.....	14.09	26.92	22.65	20.54	17.61	15.66
1997.....	14.30	26.03	22.39	20.50	17.75	15.86
1998.....	13.92	24.47	21.47	19.81	17.21	15.39
1999.....	14.42	24.87	22.14	20.45	17.80	15.90
2000.....	14.85	24.99	22.46	20.84	18.24	16.35
2001.....	13.96	25.19	21.97	20.17	17.42	15.51
2002.....	12.72	24.50	20.98	19.10	16.24	14.26
2003.....	11.63	22.10	19.14	17.33	14.77	13.01

Footnotes at end of Table 8.

# Individual Income Tax Rates and Shares, 2003

**Table 7.--Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986-2003--Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Income share (percentage):</b>						
1986.....	100.00	15.24	28.41	39.13	61.76	84.45
1987.....	100.00	12.74	26.23	37.37	60.98	84.44
1988.....	100.00	15.37	28.89	39.80	62.56	85.09
1989.....	100.00	14.60	28.39	39.49	62.49	85.07
1990.....	100.00	14.43	28.24	39.35	62.40	85.04
1991.....	100.00	13.38	27.55	38.88	62.20	84.94
1992.....	100.00	14.79	28.97	40.12	62.97	85.21
1993.....	100.00	14.39	28.71	39.93	62.93	85.18
1994.....	100.00	14.37	28.81	40.09	63.08	85.19
1995.....	100.00	15.14	29.76	41.06	63.81	85.52
1996.....	100.00	16.55	31.32	42.50	64.77	85.97
1997.....	100.00	17.96	32.86	43.86	65.59	86.24
1998.....	100.00	19.07	34.22	45.19	66.51	86.55
1999.....	100.00	20.32	35.61	46.45	67.40	86.98
2000.....	100.00	21.58	36.82	47.54	68.10	87.23
2001.....	100.00	18.22	33.34	44.47	66.07	86.33
2002.....	100.00	16.89	32.03	43.31	65.34	85.96
2003.....	100.00	17.46	32.53	43.76	65.73	86.15
<b>Total income tax share (percentage):</b>						
1986.....	100.00	25.39	42.41	54.22	75.68	93.33
1987.....	100.00	24.37	42.96	55.31	76.70	93.85
1988.....	100.00	27.20	45.28	56.99	77.60	94.20
1989.....	100.00	24.85	43.59	55.53	77.03	94.10
1990.....	100.00	24.73	43.18	55.01	76.73	94.06
1991.....	100.00	24.08	42.96	55.06	77.02	94.42
1992.....	100.00	26.75	45.44	57.21	78.21	94.84
1993.....	100.00	28.32	46.93	58.54	79.04	95.10
1994.....	100.00	28.08	46.90	58.90	79.25	95.11
1995.....	100.00	29.56	48.28	60.25	80.07	95.32
1996.....	100.00	31.62	50.36	61.96	80.96	95.57
1997.....	100.00	32.69	51.43	62.87	81.39	95.62
1998.....	100.00	33.50	52.76	64.28	82.23	95.67
1999.....	100.00	35.04	54.67	65.88	83.18	95.89
2000.....	100.00	36.30	55.70	66.72	83.63	96.01
2001.....	100.00	32.88	52.50	64.25	82.46	95.92
2002.....	100.00	32.53	52.82	65.01	83.42	96.38
2003.....	100.00	33.18	53.52	65.21	83.45	96.40

Footnotes at end of Table 8.

# Individual Income Tax Rates and Shares, 2003

**Table 8.--Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986-2003**

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns:</b>						
1986.....	101,988,805	50,994,402	76,491,604	91,789,924	96,889,365	100,968,917
1987.....	106,191,624	53,095,812	79,643,718	95,572,462	100,882,043	105,129,708
1988.....	108,879,154	54,439,577	81,659,366	97,991,239	103,435,196	107,790,362
1989.....	111,328,835	55,664,417	83,496,626	100,195,951	105,762,393	110,215,547
1990.....	112,717,959	56,358,980	84,538,469	101,446,163	107,082,061	111,590,779
1991.....	113,823,123	56,911,562	85,367,342	102,440,811	108,131,967	112,684,892
1992.....	112,687,747	56,343,874	84,515,810	101,418,972	107,053,360	111,560,870
1993.....	113,721,706	56,860,853	85,291,280	102,349,535	108,035,621	112,584,489
1994.....	115,061,112	57,530,556	86,295,834	103,555,001	109,308,056	113,910,501
1995.....	117,333,779	58,666,890	88,000,334	105,600,401	111,467,090	116,160,441
1996.....	119,487,813	59,743,907	89,615,860	107,539,032	113,513,422	118,292,935
1997.....	121,555,156	60,777,578	91,166,367	109,399,640	115,477,398	120,339,604
1998.....	123,852,016	61,926,008	92,889,012	111,466,814	117,659,415	122,613,496
1999.....	126,107,596	63,053,798	94,580,697	113,496,836	119,802,216	124,846,520
2000.....	128,340,271	64,170,135	96,255,203	115,506,243	121,923,257	127,056,868
2001.....	128,863,007	64,431,504	96,647,255	115,976,706	122,419,857	127,574,377
2002.....	128,415,184	64,207,592	96,311,388	115,573,666	121,994,425	127,131,032
2003.....	128,757,145	64,378,573	96,567,859	115,881,431	122,319,288	127,469,574
<b>Income (millions of dollars):</b>						
1986.....	2,804,691	436,071	1,072,460	1,707,142	2,007,756	2,377,178
1987.....	2,856,118	444,403	1,114,372	1,788,680	2,106,878	2,492,238
1988.....	3,153,639	470,115	1,180,578	1,898,531	2,242,469	2,668,964
1989.....	3,336,571	498,089	1,251,567	2,018,952	2,389,207	2,849,595
1990.....	3,497,118	523,271	1,315,027	2,120,956	2,509,535	2,992,431
1991.....	3,577,337	538,910	1,352,358	2,186,413	2,591,748	3,098,582
1992.....	3,763,002	556,512	1,393,300	2,253,273	2,672,983	3,206,581
1993.....	3,849,532	570,666	1,427,057	2,312,247	2,744,518	3,295,456
1994.....	4,033,642	597,475	1,489,242	2,416,392	2,871,670	3,454,078
1995.....	4,317,506	625,239	1,562,518	2,544,615	3,032,780	3,663,789
1996.....	4,670,644	655,183	1,645,537	2,685,713	3,207,665	3,897,777
1997.....	5,112,706	703,631	1,759,461	2,870,353	3,432,828	4,194,699
1998.....	5,626,390	756,923	1,884,384	3,083,991	3,701,176	4,553,611
1999.....	6,082,931	792,125	1,983,002	3,257,142	3,916,561	4,846,850
2000.....	6,601,494	842,686	2,105,584	3,463,195	4,170,537	5,177,058
2001.....	6,361,523	869,820	2,158,748	3,532,846	4,240,468	5,202,486
2002.....	6,262,714	879,451	2,170,646	3,550,488	4,257,056	5,204,939
2003.....	6,429,711	890,624	2,203,193	3,616,066	4,338,310	5,307,129
<b>Total income tax (millions of dollars): <sup>2</sup></b>						
1986.....	366,763	24,467	89,186	167,901	211,210	273,635
1987.....	368,924	22,696	85,954	164,874	210,439	279,016
1988.....	412,549	23,918	92,397	177,429	225,756	300,341
1989.....	432,643	25,537	99,358	192,414	244,055	325,135
1990.....	446,906	26,562	103,980	201,050	253,915	336,376
1991.....	448,177	24,997	103,009	201,432	255,629	340,251
1992.....	476,067	24,573	103,715	203,706	259,764	348,706
1993.....	502,638	24,641	105,377	208,400	266,730	360,309
1994.....	534,693	26,153	110,950	219,783	283,923	384,560
1995.....	588,292	27,544	117,257	233,864	304,256	414,415
1996.....	658,059	29,142	125,310	250,333	326,655	449,988
1997.....	731,123	31,992	136,063	271,450	355,078	492,146
1998.....	783,437	33,889	139,249	279,860	370,134	520,973
1999.....	877,199	36,027	147,520	299,294	397,669	569,817
2000.....	980,459	39,155	160,521	326,304	434,357	624,548
2001.....	887,770	36,230	155,676	317,341	421,713	595,863
2002.....	796,763	28,872	132,093	278,827	375,930	537,571
2003.....	747,800	26,939	123,731	260,143	347,598	499,694

Footnotes at end of table.

# Individual Income Tax Rates and Shares, 2003

**Table 8.--Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986-2003--Continued**

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Average tax rate (percentage): <sup>a</sup></b>						
1986.....	13.08	5.61	8.32	9.84	10.52	11.51
1987.....	12.92	5.11	7.71	9.22	9.99	11.20
1988.....	13.08	5.09	7.83	9.35	10.07	11.25
1989.....	12.97	5.13	7.94	9.53	10.21	11.41
1990.....	12.78	5.08	7.91	9.48	10.12	11.24
1991.....	12.53	4.64	7.62	9.21	9.86	10.98
1992.....	12.65	4.42	7.44	9.04	9.72	10.87
1993.....	13.06	4.32	7.38	9.01	9.72	10.93
1994.....	13.26	4.38	7.45	9.10	9.89	11.13
1995.....	13.63	4.41	7.50	9.19	10.03	11.31
1996.....	14.09	4.45	7.62	9.32	10.18	11.54
1997.....	14.30	4.55	7.73	9.46	10.34	11.73
1998.....	13.92	4.48	7.39	9.07	10.00	11.44
1999.....	14.42	4.55	7.44	9.19	10.15	11.76
2000.....	14.85	4.65	7.62	9.42	10.41	12.06
2001.....	13.96	4.17	7.21	8.98	9.95	11.45
2002.....	12.72	3.28	6.09	7.85	8.83	10.33
2003.....	11.63	3.02	5.62	7.19	8.01	9.42
<b>Income share (percentage):</b>						
1986.....	100.00	15.55	38.24	60.87	71.59	84.76
1987.....	100.00	15.56	39.02	62.63	73.77	87.26
1988.....	100.00	14.91	37.44	60.20	71.11	84.63
1989.....	100.00	14.93	37.51	60.51	71.61	85.40
1990.....	100.00	14.96	37.60	60.65	71.76	85.57
1991.....	100.00	15.06	37.80	61.12	72.45	86.62
1992.....	100.00	14.79	37.03	59.88	71.03	85.21
1993.....	100.00	14.82	37.07	60.07	71.29	85.61
1994.....	100.00	14.81	36.92	59.91	71.19	85.63
1995.....	100.00	14.48	36.19	58.94	70.24	84.86
1996.....	100.00	14.03	35.23	57.50	68.68	83.45
1997.....	100.00	13.76	34.41	56.14	67.14	82.04
1998.....	100.00	13.45	33.49	54.81	65.78	80.93
1999.....	100.00	13.02	32.60	53.55	64.39	79.68
2000.....	100.00	12.77	31.90	52.46	63.18	78.42
2001.....	100.00	13.67	33.93	55.53	66.66	81.78
2002.....	100.00	14.04	34.66	56.69	67.97	83.11
2003.....	100.00	13.85	34.27	56.24	67.47	82.54
<b>Total income tax share (percentage):</b>						
1986.....	100.00	6.67	24.32	45.78	57.59	74.61
1987.....	100.00	6.15	23.30	44.69	57.04	75.63
1988.....	100.00	5.80	22.40	43.01	54.72	72.80
1989.....	100.00	5.90	22.97	44.47	56.41	75.15
1990.....	100.00	5.94	23.27	44.99	56.82	75.27
1991.....	100.00	5.58	22.98	44.94	57.04	75.92
1992.....	100.00	5.16	21.79	42.79	54.56	73.25
1993.....	100.00	4.90	20.96	41.46	53.07	71.68
1994.....	100.00	4.89	20.75	41.10	53.10	71.92
1995.....	100.00	4.68	19.93	39.75	51.72	70.44
1996.....	100.00	4.43	19.04	38.04	49.64	68.38
1997.....	100.00	4.38	18.61	37.13	48.57	67.31
1998.....	100.00	4.33	17.77	35.72	47.24	66.50
1999.....	100.00	4.11	16.82	34.12	45.33	64.96
2000.....	100.00	3.99	16.37	33.28	44.30	63.70
2001.....	100.00	4.08	17.54	35.75	47.50	67.12
2002.....	100.00	3.62	16.58	34.99	47.18	67.47
2003.....	100.00	3.60	16.55	34.79	46.48	66.82

N/A--Not applicable.

<sup>1</sup> For Table 7, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100).

<sup>2</sup> Total income tax is the sum of income tax after credits and the alternative minimum tax for 1999 and prior years. For 2000 and following years, alternative minimum tax is included in income tax before credits (see Figure D).

<sup>3</sup> Average tax rate was computed by dividing total income tax (see footnote 2) by income, using the 1979 income concept (see text and Figure G).

# Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

by Margaret Riley

**T**he number of tax-exempt organizations filing Forms 990-T, *Exempt Organization Business Income Tax Returns*, decreased only slightly between Tax Years 2001 and 2002, from 35,540 to 35,103. However, 2002 marked the fourth consecutive year of declining filings of Forms 990-T to report “unrelated business income” (UBI) and taxes. From Tax Year 1998 to Tax Year 2002, the number of organizations filing Forms 990-T dropped nearly 25 percent. The 13,395 returns filed with gross UBI of \$10,000 or less represented a 6 percent increase over 2001, but a 40 percent decrease since 1998. The number of returns with gross UBI over \$10,000 fell by 10 percent over the 4-year period. Figure A contains these and other statistics for selected major financial data items reported on Forms 990-T for Tax Years 1998, 2001, and 2002.

Gross UBI reported on Forms 990-T, which was an aggregate \$7.8 billion for 2002, grew by 11 percent between 1998 and 2000, but then declined by 8 percent from 2000 to 2002, resulting in an overall 2.5 percent growth from 1998 to 2002. After offsetting total gross UBI with \$7.9 billion of total deductions, the resulting unrelated business taxable income (less deficit) was -\$0.1 billion for 2002. Unrelated business (positive) taxable income (UBTI) of \$647.2 million and the associated unrelated business income tax (UBIT) of \$194.1 million reported on Tax Year 2002 Forms 990-T were a respective 18 percent and 1 percent less than that reported for 2001 [1]. From 1998 to 2002, taxable income and the associated UBIT liability declined sharply, by 61 percent and 62 percent, respectively.

Figure B shows the computation of total tax liability for Tax Year 2002. After adjusting UBIT with certain credits and other taxes, the resulting total tax reported on Form 990-T for 2002 was \$192.7 million, a 13 percent decrease from 2001. Total tax for 2002 takes into account \$194.1 million of UBIT, plus \$1.1 million of alternative minimum tax, \$1.1 million of “proxy tax” on certain nondeductible lobbying and political expenditures, and \$0.07 million of “other” taxes, minus \$3.6 million of tax credits [2, 3].

Tax credits included the foreign tax credit (\$1.6 million), general business credit (\$1.4 million), credit for prior-year minimum tax (\$0.3 million), and “other” credits (\$0.2 million). (Detail does not equal totals because of rounding.)

## Declines in Unrelated Business Taxable Income and Tax

The decline between 1998 and 2002 in the UBTI of tax-exempt trusts was much greater than the decline in the UBTI of tax-exempt corporations [4]. As a result of the more rapid decline in the UBTI reported by tax-exempt trusts, the share of UBTI reported by tax-exempt corporations increased from 51 percent to 70 percent, respectively, of the total amount of UBTI reported for 1998 and 2002 [5]. The \$192.6 million of UBTI reported by tax-exempt trusts for 2002 reflected a 76 percent drop from the \$811.1 million reported for 1998, while the UBTI reported by tax-exempt corporations declined by 47 percent, from \$858.7 million to \$454.6 million between 1998 and 2002. The UBIT liability of trusts decreased by 72 percent during this 4-year period, while that of tax-exempt corporations declined by 52 percent.

In large part, the decline in the amount of UBTI reported by trusts filing Forms 990-T can be attributed to IRC section 501(c)(9) voluntary employees’ beneficiary associations (VEBAs) and section 401(a) pension, profit-sharing, and stock bonus plans [6]. (The various types of tax-exempt organizations subject to the unrelated business income tax provisions are described, by Code section, in the Appendix to this article.) These organizations together accounted for a respective 92 percent and 78 percent of the UBTI of trusts for 1998 and 2002. The UBIT of VEBAs fell by 83 percent between the 4 years, and that of section 401(a) trusts fell by 68 percent.

Among the many factors that can influence the amount of an organization’s unrelated business taxable income and tax, the types of unrelated business activities in which they engage, and which generate their various types of unrelated business income, are key. Volatility of financial markets during the 1999 to 2002 period appears to be responsible for some of the annual decreases in unrelated business taxable income and tax reported, especially by tax-exempt trusts. Since these types of entities’ main source of income is investments, the annual amounts of total

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# Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

**Figure A**

## Selected Items from Forms 990-T, Exempt Organization Business Income Tax Returns, Tax Years 1998, 2001, and 2002

[Money amounts are in thousands of dollars]

Item	1998	2001	2002	Percentage change	
				2001 to 2002	1998 to 2002
	(1)	(2)	(3)	(4)	(5)
<b>Number of returns, total.....</b>	<b>46,208</b>	<b>35,540</b>	<b>35,103</b>	<b>-1.2</b>	<b>-24.0</b>
With gross unrelated business income of \$10,000 or less <sup>1</sup> .....	22,124	12,653	13,395	5.9	-39.5
With gross unrelated business income over \$10,000 <sup>1</sup> .....	24,084	22,888	21,708	-5.2	-9.9
With unrelated business taxable income.....	24,332	15,277	14,495	-5.1	-40.4
Without unrelated business taxable income <sup>2</sup> .....	21,876	20,264	20,608	1.7	-5.8
<b>Gross unrelated business income.....</b>	<b>7,584,915</b>	<b>7,900,464</b>	<b>7,776,017</b>	<b>-1.6</b>	<b>2.5</b>
<b>Total deductions<sup>3</sup>.....</b>	<b>6,484,443</b>	<b>7,882,907</b>	<b>7,922,208</b>	<b>0.5</b>	<b>22.2</b>
<b>Unrelated business taxable income (less deficit).....</b>	<b>1,100,470</b>	<b>17,557</b>	<b>-146,191</b>	<b>-932.7</b>	<b>-113.3</b>
Unrelated business taxable income.....	1,669,753	791,963	647,246	-18.3	-61.2
Deficit.....	569,283	774,406	793,438	2.5	39.4
<b>Unrelated business income tax.....</b>	<b>505,896</b>	<b>226,032</b>	<b>194,074</b>	<b>-14.1</b>	<b>-61.6</b>
<b>Total tax.....</b>	<b>464,288</b>	<b>221,532</b>	<b>192,747</b>	<b>-13.0</b>	<b>-58.5</b>

<sup>1</sup> Organizations with gross unrelated business income (UBI) between \$1,000 (the filing threshold) and \$10,000 were not required to report itemized expenses and deductions, or to complete return schedules. Those with gross UBI over \$10,000 were required to fill out a more detailed "complete" return.

<sup>2</sup> Includes returns with deficits and returns with equal amounts of gross unrelated business income and total deductions.

<sup>3</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services (GPSS). GPSS is a component of gross unrelated business income (upon which the filing requirement is based). Total cost of sales and services was \$2.1 billion for 1998, \$2.3 billion for 2001, and \$2.4 billion for 2002.

NOTES: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income, total deductions, unrelated business taxable income (less deficit), unrelated business income tax, and total tax.

UBI that they report are linked more closely to financial market fluctuations than UBI amounts reported by other types of organizations.

The two main sources of UBI for section 501(c)(9) VEBAs consistently have been investment income (less loss) and capital gain net income. For the section 401(a) trusts, combined partnership and S corporation income and capital gain net income are the two main UBI producers. For tax-exempt corporations, the two largest sources of unrelated business income traditionally have been gross profit (less loss) from sales and services, and advertising income. Generally, investment income of section 501(c) corporations, except for those exempt under sections 501(c)(7), (9), and (17), is not taxed as unrelated business income. (See the definition of Investment Income (Less Loss) in the Explanation of Terms section of this article.)

Between 1998 and 2002, investment income (less loss) and capital gain net income reported by section 501(c)(9) VEBA trusts with taxable income were 77 percent and 93 percent less than respective amounts reported for 1998. These two income items ac-

counted for 95 percent of taxable VEBA trusts' gross UBI for 2002. Capital gain net income and combined partnership and S corporation income of section 401(a) trusts fell by a respective 74 percent and 64 percent between the 2 years, and 88 percent of gross UBI was attributable to these items for 2002. Incorporated organizations with taxable unrelated business income reported a 9 percent increase in gross profit (less loss) from sales and services and a 16 percent increase in advertising income between 1998 and 2002. Together, these income sources accounted for 67 percent of their 2002 gross UBI.

The number of trusts with positive UBTI decreased by 71 percent from 1998 to 2002, from 11,044 to 3,156, compared to a decline of 15 percent for corporations, from 13,395 to 11,339. Most of the decline in the number of trusts was accounted for by the 77 percent decline in the number of IRC section 408(e) traditional IRA trusts reporting UBTI, from 9,741 to 2,253. However, these organizations accounted for only 4 percent to 5 percent of all trusts' UBTI for each of the 2 years. A substantial portion of the gross UBI of smaller traditional IRA trusts

# Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

**Figure B**

## Computation of Total Tax Reported on Exempt Organization Business Income Tax Returns, Tax Year 2002

[Money amounts are in thousands of dollars]

Item	Amount
<b>Total unrelated business income tax (UBIT).....</b>	<b>194,074</b>
Corporate UBIT.....	126,652
Trust UBIT.....	67,422
<b>PLUS:</b>	
<b>Total additional taxes.....</b>	<b>2,234</b>
Alternative minimum tax.....	1,061
Proxy tax <sup>1</sup> .....	1,104
Other taxes.....	69
<b>MINUS:</b>	
<b>Total tax credits.....</b>	<b>3,562</b>
Foreign tax credit.....	1,617
General business credit.....	1,434
Credit for prior-year minimum tax.....	262
Other credits.....	248
<b>EQUALS:</b>	
<b>Total tax.....</b>	<b>192,747</b>

<sup>1</sup>Represents the tax for only those organizations that reported gross UBI above the \$1,000 filing threshold. According to IRS Business Returns Transaction File records, the total proxy tax reported on all Forms 990-T was \$12.1 million. Some organizations filed Form 990-T only to report the proxy tax and had no unrelated business income.

NOTE: Detail may not add to totals because of rounding.

(those with gross income of \$10,000 or less) consists of combined partnership and S corporation income. Changes in the gains or losses from partnerships and S corporations can affect whether small IRA trusts' total gross UBI is above or below the \$1,000 threshold for filing Form 990-T. For example, the number of returns filed by traditional IRA trusts fell by 32 percent between 1998 and 1999, and the amount of net partnership and S corporation income decreased by 52 percent.

## Background

### Definition of Unrelated Business Income

Nonprofit organizations that are granted Federal tax exemption based on their mission-related purposes are allowed, within certain limits, to generate income from unrelated business activities; however, the income from these activities is subject to taxation.

Unrelated business income is produced from an activity that is both conducted on a regular basis and not directly related to an organization's tax-exempt mission. The fact that the income may be used for furthering an organization's exempt purposes does not alter the definition [7]. Any profits from an organization's unrelated business activities are taxed at regular corporate or trust income tax rates [8]. There are certain exclusions to this income taxation; some examples are engaging in business activities in which substantially all of the work is performed by volunteer labor; selling merchandise that the organization received as a gift or contribution; and operating certain games of chance, as specified in the Internal Revenue Code (IRC).

### Form 990-T Filing Requirements

Organizations that are described in IRC sections 220(e), 401(a), 408(e), 408A, 501(c)(2)-(27), 529(a), and 530(a) must file a Form 990-T if they received \$1,000 or more of gross income from business activities that were considered unrelated to the purposes for which they received tax-exempt status. IRC section 501(d) religious and apostolic organizations, farmers' cooperatives, and section 4941(a)(1) "nonexempt charitable trusts" report taxes on forms other than Form 990-T.

Most tax-exempt organizations are required to file an annual Form 990, *Return of Organization Exempt From Income Tax*, or Form 990-EZ, *Short Form Return of Organization Exempt From Income Tax* (used by organizations with annual gross receipts of less than \$100,000 and total end-of-year assets of less than \$250,000). IRC section 501(c)(3) private foundations and certain charitable trusts file an information return on Form 990-PF, *Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation* [9]. The Form 990-T is required only for a tax year in which an organization has unrelated business income. While specific taxpayer information reported on an exempt organization's Form 990/990-EZ "information return" can be disclosed to the public, specific taxpayer information reported on its Form 990-T "tax return" cannot. Under disclosure rules governing the release of taxpayer information, only aggregate totals from Form 990-T can be presented in this article.

## Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

To report unrelated business income of \$1,000 (the filing threshold) or more for Tax Year 2002, IRC section 220(e), 401(a), 408(e), 408A, and 530(a) trusts' required reporting period was Calendar Year 2002, and the Form 990-T filing date was April 15, 2003. For all other organizations, the required reporting period was any accounting period beginning in Calendar Year 2002 (and, therefore, ending between December 2002 and November 2003, for full-year return filers). The associated required due dates for filing their Tax Year 2002 Forms 990-T generally spanned May 2003 to April 2004, but extensions of time to file beyond this period were routinely granted to many organizations. Corresponding to the required filing dates, the Tax Year 2002 study sample was drawn from Forms 990-T processed by IRS throughout Calendar Years 2003 and 2004. (See the "Data Sources and Limitations" section of this article for detailed information on the study sample.) Because of the various accounting periods of the organizations filing a 2002 return, the financial activities covered in this article span the period January 2002 through November 2003, although 54 percent of Form 990-T filers had Calendar Year 2002 accounting periods.

Any returns filed by organizations with gross unrelated business income (UBI) below the \$1,000 filing requirement threshold were excluded from the statistics presented in this article. Some of these returns were filed inadvertently; others were filed for a specific reason, such as to claim a refund of tax withheld erroneously on interest or dividend payments (reported on Form 1099) because the payer did not realize that the payee was a tax-exempt organization. Organizations with gross UBI between \$1,000 and \$10,000 were required to report only totals for expenses and deductions (except for the "specific deduction" and "net operating loss deduction," which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report more detailed expense and deduction information.

### Statistical Tables

At the end of this article, Tax Year 2002 statistics covering selected financial data (including gross UBI, total deductions, unrelated business taxable income (UBTI), and total income tax) are shown in Tables 1-5. Tables 6 and 7 provide data on detailed sources of UBI and deductions, respectively. Statistics shown in Table 1 are distributed by type of organization based

on Internal Revenue Code sections. Tables 2, 4, 6, and 7 are distributed by size of gross UBI; Table 4 is also distributed by type of entity. Table 3 is distributed by size of UBTI, while Table 5 is distributed by unrelated business activity or industrial grouping.

## Special Analyses of Exempt Organization Reporting Quality

### Reporting Quality

With the advent of electronic filing and imaging of IRS exempt-organization information returns and their widespread availability to the public, the quantity of data available for regulation and research has increased dramatically. Technological improvements that make more data more accessible are certainly desirable, but ensuring that preparers fill out the forms completely and accurately is equally important. Is "more" really better without quality reporting of return information? Ensuring reporting quality is a shared responsibility of both IRS and return preparers. IRS information and tax forms must require information that is essential for effective regulation, oversight, and public transparency; and the form instructions must be complete, explicit, and clear enough for preparers to follow. Preparers need to be diligent in providing complete responses to the requested information on the forms, especially itemized financial components.

### Form 990-T Deductions Allocation Study

The deductions allocation study measures the extent to which high-income organizations (those with gross UBI of \$500,000 or more) misreported specifically defined, itemized deduction components as "Other deductions" on Tax Year 2002 Forms 990-T. During the data entry process, SOI staff check the required Other deductions statement for inaccurately reported items and move (allocate) amounts, when appropriate, to one or more of the specifically defined deduction components, such as Salaries and wages. The study examined the difference between deduction amounts as initially reported by filers, and as corrected, through allocation, by SOI staff [10].

During normal IRS processing of paper and e-file returns, data are captured as reported by the return filer. Misreported amounts included in the residual "other" categories are not allocated to the proper, specifically defined return line items. Researchers

## Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

and IRS staff who use Returns Transaction File (RTF) data for examination or administrative purposes may find this study useful for gauging the extent to which deductions data may be understated, and extrapolating its results to draw conclusions about the possible understatement of itemized income, deductions, assets, and liabilities reported on other types of IRS exempt-organization returns.

Of the 2,381 high-income returns filed, 20 percent required at least one allocation from Other deductions during SOI data entry. Paid preparers completed 79 percent of these 485 returns with misreported amounts [11]. After allocation, the increase in the total amount of each specifically defined deduction category reported by high-income filers ranged from 3 percent to 45 percent, as shown in Figure C. Salaries and wages, the largest aggregate itemized deduction reported on Form 990-T, rose

by only 3 percent, although it contained the largest aggregate amount allocated from Other deductions. Contributions to deferred compensation plans rose by 14 percent, and Repairs and maintenance rose by 45 percent. Allocations made to other types of itemized deductions resulted in increases ranging from 4 percent to 9 percent. The residual Other deductions category fell by 3.1 percent.

It is worth noting that no allocations were made to Compensation of officers, directors, and trustees, Excess exempt expenses, or Excess readership costs. Form 990-T filers must provide detailed information on related schedules for these items and then enter schedule totals in the itemized deductions statement. The schedule preparation requirement apparently deters preparers from including these items in Other deductions.

**Figure C**

### All High-Income Forms 990-T: Deduction Detail, As Edited by SOI, As Reported by Taxpayer, and Aggregate Amount Allocated, Tax Year 2002

[Money amounts are in thousands of dollars]

Item	Compensation of officers, directors, and trustees	Salaries and wages	Repairs and maintenance	Bad debts	Interest
	(1)	(2)	(3)	(4)	(5)
Number of returns.....	2,381	1,393	943	287	413
Total, as edited by SOI.....	16,563	1,059,609	70,135	41,349	39,180
Total, as reported by taxpayer.....	16,563	1,027,583	48,469	39,741	37,090
Amount allocated from Other deductions.....	--	32,027	21,667	1,608	2,090
Percentage increase after allocation.....	--	3.1	44.7	4.0	5.6

Item	Taxes and licenses	Charitable contributions	Depreciation	Depletion	Contributions to deferred compensation plans
	(6)	(7)	(8)	(9)	(10)
Number of returns.....	1,117	234	1,041	7	175
Total, as edited by SOI.....	73,644	23,274	140,164	1,790	9,679
Total, as reported by taxpayer.....	67,727	21,787	135,169	1,790	8,471
Amount allocated from Other deductions.....	5,917	1,487	4,995	--	1,207
Percentage increase after allocation.....	8.7	6.8	7.3	--	14.3

Item	Employee benefit programs	Excess exempt expenses	Excess readership costs	Other deductions
	(11)	(12)	(13)	(14)
Number of returns.....	1,018	40	399	1,751
Total, as edited by SOI.....	175,184	6,397	217,549	2,465,018
Total, as reported by taxpayer.....	167,406	6,397	217,549	2,543,794
Amount allocated from Other deductions.....	7,778	--	--	-78,776
Percentage increase after allocation.....	4.6	--	--	-3.1

NOTES: "High-income" Forms 990-T are those returns with gross unrelated business income of \$500,000 or more. "SOI" is the abbreviation for the Statistics of Income program of the Internal Revenue Service. Other deductions did not include any amounts of Compensation of officers, directors, and trustees, Excess exempt expenses, Excess readership costs, or Depletion. Therefore, no allocations to these categories were necessary. For the first three of these items, Form 990-T filers must provide detailed information on related schedules and then enter schedule totals in the itemized deductions statement. The schedule preparation requirement apparently discourages filers from including these items in Other deductions.



# Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

As shown in Figure D, which includes only those returns to which allocations were made, the three deduction items with the largest aggregate dollar amount allocated from Other deductions were Salaries and wages (\$32.0 million allocated), Repairs and maintenance (\$21.7 million allocated), and Employee benefit programs (\$7.8 million allocated). Among returns to which allocations were made, allocated amounts accounted for close to half of the SOI-edited amount of Salaries and wages, and three-quarters or more of the other two cited deduction items. The largest average dollar amounts allocated from Other deductions were made to Salaries and wages (\$344,372), Net depreciation (\$92,503), Repairs and maintenance (\$89,164), and Employee benefit programs (\$84,544). The deduction items with the highest frequency of allocation of misreported taxpayer amounts were Repairs and maintenance (243 returns), Taxes and licenses (180

returns), Salaries and wages (93 returns), and Employee benefit programs (92 returns).

Overall, close to 10 percent of Other deductions reported on returns with allocations should have been included in the more specifically defined deduction items. The percentage change in itemized deduction amounts reported on these 485 returns, after SOI allocations were made, ranged from 12.5 (Salaries and wages) to 106.7 (Repairs and maintenance).

Virtually all of the SOI edited amounts shown in Figure D for Bad debts, Interest, Charitable contributions, and Contributions to deferred compensation plans were allocated from Other deductions. Nearly 99 percent of these items' combined SOI edited amounts was allocated from Other deductions, but the combined amounts accounted for less than 1 percent of the \$753,388 Other deductions total. For the five deduction items with the largest aggregate allocated amounts shown in column (5) of Figure D,

**Figure D**

## High-Income Forms 990-T with At Least One Allocation Made from Other Deductions: Deductions Detail, Tax Year 2002

[Money amounts are in thousands of dollars]

Deduction item	Number of returns with allocations <sup>1</sup>	Percentage of all returns with allocations <sup>1</sup>	SOI-edited amount	Taxpayer reported amount	Allocated amount	Percentage of SOI-edited amount allocated from Other deductions
	(1)	(2)	(3)	(4)	(5)	(6)
Other deductions.....	485	100.0	753,388	832,164	-78,776	N/A
Compensation of officers, directors, and trustees.....	--	--	--	--	--	--
Salaries and wages.....	93	19.2	68,069	36,043	32,027	47.1
Repairs and maintenance.....	243	50.1	28,840	7,174	21,667	75.1
Bad debts.....	32	6.6	1,618	10	1,608	99.4
Interest.....	39	8.0	2,094	4	2,090	99.8
Taxes and licenses.....	180	37.1	16,213	10,296	5,917	36.5
Charitable contributions.....	22	4.5	1,524	37	1,487	97.6
Depreciation.....	54	11.1	6,004	1,009	4,995	83.2
Depletion.....	--	--	--	--	--	--
Contributions to deferred compensation plans.....	26	5.4	1,242	34	1,207	97.2
Employee benefit programs.....	92	19.0	9,897	2,119	7,778	78.6
Excess exempt expenses.....	--	--	--	--	--	--
Excess readership costs.....	--	--	--	--	--	--

<sup>1</sup> Detail does not add to total because some returns had allocations made to more than one deduction item.

N/A--Not applicable. However, on returns with at least one allocation, 9.5 percent of the total amount of aggregate Other deductions was allocated to one or more specifically defined deduction items.

NOTES: "High-income" Forms 990-T are those returns with gross unrelated business income of \$500,000 or more. "SOI" is the abbreviation for the Statistics of Income program of the Internal Revenue Service. Other deductions did not include any amounts of Compensation of officers, directors, and trustees, Excess exempt expenses, Excess readership costs, or Depletion. Therefore, no allocations to these categories were necessary. For the first three of these items, Form 990-T filers must provide detailed information on related schedules and then enter schedule totals in the itemized deductions statement. The schedule preparation requirement apparently discourages filers from including these items in Other deductions.



## Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

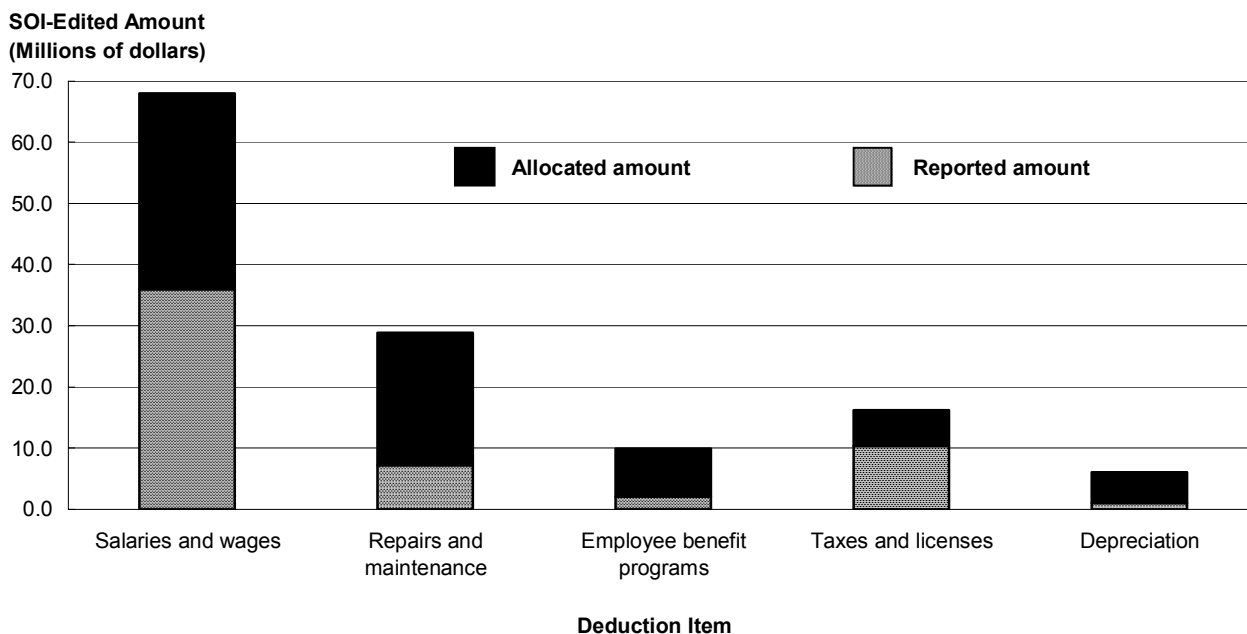
their respective allocated amounts were between 37 percent to 83 percent of their associated SOI-edited amounts. The proportions of the SOI-edited (corrected) amount attributed to taxpayer reporting and SOI allocation for these deduction items are illustrated in Figure E.

Sixty-eight percent of the high-income returns that required SOI allocations of misreported amounts were filed by section 501(c)(3) nonprofit organizations; the remainder were filed by organizations exempt under other sections of the tax code. Section 501(c)(6) business leagues, chambers of commerce, and real estate boards; section 501(c)(7) social and recreational clubs; section 501(c)(4) civic leagues and social welfare organizations; and section 501(c)(5) labor, agricultural, and horticultural organizations accounted for another 30 percent of all high-income returns that required allocations from Other deductions to specifically defined components. Figure F presents selected allocation study data for these organizations. While section 501(c)(3) charities had the highest frequency of returns with allocations, the percentage of their Other deductions allocated to more specifically defined deduction categories was smaller than that for section 501(c)(6), (7), and (5) organizations.

The three primary unrelated business activities reported most often by organizations with allocations from Other deductions, based on self-reported North American Industry Classification System (NAICS) codes and percentage of returns with allocations, were medical and diagnostic laboratories (14 percent), gambling industries (9 percent), and advertising and related services (6 percent). A list of acceptable NAICS codes used to describe organizations' unrelated business activities was provided with the 2002 Form 990-T instructions. These activities are included within the major NAICS industrial classifica-

**Figure E**

### High-Income Forms 990-T with At Least One Allocation Made from Other Deductions: Top Five Deduction Items with Largest Amounts Allocated, Tax Year 2002



NOTES: "High-income" Forms 990-T are those returns with gross unrelated business income of \$500,000 or more. "SOI" is the abbreviation for the Statistics of Income program of the Internal Revenue Service.

# Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

**Figure F**

## High-Income Forms 990-T with At Least One Allocation Made from Other Deductions: Top Five Organization Types<sup>1</sup>, by Number of Returns With Allocations, Tax Year 2002

[Money amounts are in thousands of dollars]

Type of organization by Internal Revenue Code section	Number of returns	Percentage of all returns	Total amount allocated from organization type's other deductions	Allocated amount as a percentage of organization type's other deductions	Deduction item with largest aggregate allocated amount	Average amount allocated to deduction item in col. (5)
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All organizations.....</b>	<b>485</b>	<b>100.0</b>	<b>78,776</b>	<b>9.5</b>	<b>Salaries and wages</b>	<b>344</b>
501(c)(3) charities <sup>2</sup> .....	330	68.0	56,444	9.6	Salaries and wages	435
501(c)(6) business leagues, chambers of commerce, and real estate boards.....	51	10.5	5,630	23.8	Employee benefit programs	146
501(c)(7) social and recreational clubs.....	35	7.2	5,116	29.0	Salaries and wages	202
501(c)(4) civic leagues and social welfare organizations.....	24	4.9	2,453	2.2	Salaries and wages	444
501(c)(5) labor, agricultural, and horticultural organizations.....	14	2.9	2,811	13.8	Taxes and licenses	172

<sup>1</sup>Tax-exempt organization types are based on the Internal Revenue Code section describing them. See the Appendix to this article for descriptions of the types of tax-exempt organizations.

<sup>2</sup>The term "charities" refers to tax-exempt organizations with purposes that are charitable, educational, scientific, literary, or religious in nature, or organizations that test for public safety or prevent cruelty to children or animals.

NOTE: "High-income" Forms 990-T are those returns with gross unrelated business income of \$500,000 or more.

tions of healthcare and social assistance; arts, entertainment, and recreation; and professional, scientific, and technical services, respectively. (See Table 5 for data distributed by major unrelated business activities/ industrial groupings for all Form 990-T filers.)

The deductions allocation study makes it clear that Form 990-T preparers, as well as preparers of other types of exempt-organization returns, could do a much better job of accurately reporting all-inclusive amounts within the specifically defined deduction components. In order for IRS to make intelligent decisions regarding regulation, compliance, or potential abuses of tax-exempt status, it is imperative that a high priority be placed on educating nonprofit organizations and their tax practitioners to report detailed items completely and accurately. Also, because exempt organizations are not allowed to file supplementary electronic financial statements with e-filed returns (they must provide financial data in the IRS format), there is concern that if the data provided are

incorrect or incomplete, there will be no additional information available with the e-filed returns, as there is with paper returns, that can be used to correct these reporting errors.

### Comparing and Reconciling Unrelated Business Income Data Reported on Forms 990 and 990-T

An analysis of Tax Year 2002 data from 2,894 linked records in the Forms 990 and 990-T "integrated sample" of section 501(c)(3) public charities concludes that unrelated business income (UBI) reported on Form 990-T oftentimes cannot be reconciled with that reported on Form 990. (See the Data Sources and Limitations section of this article for a description of the Forms 990 and 990-T integrated sample design.) Anecdotal information from reviewed cases indicates that the data entered on Form 990-T are much more accurate, perhaps because the purpose of Form 990-T is to calculate tax liability, which carries a greater potential for the assessment of monetary

## Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

penalties for misreporting than Form 990, whose purpose is to supply information only. Applying Form 990 weights to the sample records produced an estimated population of 8,992 public charities that were required to file both a Form 990 and a Form 990-T. The main sources of data for this analysis were Form 990, Part VII, Analysis of Income-Producing Activities, and Form 990-T, Part I, Unrelated Trade or Business Income.

Form 990, Part VII, provides a three-tiered breakout of an organization's total revenue (excluding any contributions, gifts, and grants received from Government or public sources): potentially taxable UBI reportable on Form 990-T, UBI excluded from taxation under the Internal Revenue Code, and mission-related (exempt function) income. Form 990-T, Part I, contains a statement of gross UBI, direct expenses, and net UBI.

As illustrated in Figure G, the Form 990 returns in the integrated sample were separated into three groups based on potentially taxable UBI reported in Part VII: those with positive total UBI (80 percent of all returns), those with zero UBI (13 percent of all returns), and those with negative total UBI (7 percent of all returns). Within these groups, Form 990 total

UBI was compared to both total gross UBI and total net UBI reported in Part I of Form 990-T, and also compared to a computed amount of total "adjusted UBI." Adjusted UBI is derived from a combination of Form 990-T gross and net itemized UBI amounts, based on their correlation to the combination of gross and net UBI amounts required to be reported in Part VII, Form 990. If organizations had reported income consistently on both forms, it was expected that the Form 990 total UBI amount would be the same as the Form 990-T adjusted UBI amount, a value that was no more than gross UBI and no less than net UBI, depending on what types of income were reported in each individual case.

For this analysis, Form 990 UBI in most cases was deemed reconcilable with Form 990-T UBI if it matched any of gross UBI, adjusted UBI, or net UBI, within a \$100 tolerance. (Cases in which no Form 990 total UBI was reported are discussed below.) Any case where Form 990 UBI equaled Form 990-T adjusted UBI, the expected outcome if UBI was correctly reported on both forms, was considered a "perfect match." Of particular note, as shown in Figure H, is that, out of the 5,567 linked returns with reconciled total UBI, 80 percent were

**Figure G**

### Reconciliation of Unrelated Business Income (UBI) Data Reported by Public Charities on Form 990 and Form 990-T, Tax Year 2002

[Money amounts are in thousands of dollars]

Item	Number of returns	Percentage of all returns	Form 990 UBI	Form 990-T		
				Gross UBI <sup>1</sup>	Net UBI	Adjusted UBI <sup>2</sup>
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Linked returns, total.....</b>	<b>8,992</b>	<b>100.0</b>	<b>3,807,095</b>	<b>4,089,889</b>	<b>3,343,626</b>	<b>3,771,948</b>
<b>Number with Form 990 UBI greater than zero.....</b>	<b>7,194</b>	<b>80.0</b>	<b>3,869,524</b>	<b>3,574,474</b>	<b>3,009,050</b>	<b>3,411,944</b>
Number with UBI that could not be reconciled <sup>3</sup> .....	2,447	27.2	1,870,317	1,521,271	1,253,569	1,433,963
<b>Number with Form 990 UBI equal to zero.....</b>	<b>1,183</b>	<b>13.2</b>	<b>--</b>	<b>270,348</b>	<b>225,634</b>	<b>236,913</b>
Number with UBI that could not be reconciled <sup>3</sup> .....	853	9.5	--	251,173	229,754	234,908
<b>Number with Form 990 UBI less than zero.....</b>	<b>614</b>	<b>6.8</b>	<b>-62,429</b>	<b>245,067</b>	<b>108,942</b>	<b>123,091</b>
Number with UBI that could not be reconciled <sup>3</sup> .....	124	1.4	-29,903	181,211	131,100	132,128

<sup>1</sup> All returns in the Form 990-T sample had gross unrelated business income of \$1,000 (the filing threshold) or more.

<sup>2</sup> Adjusted UBI is derived from a combination of Form 990-T gross and net itemized UBI amounts, based on their correlation to the combination of gross and net UBI amounts required to be reported on Form 990.

<sup>3</sup> The amount of total UBI reported on Form 990, Part VII, does not equal gross UBI, net UBI, or adjusted UBI (within \$100 tolerance) reported on Form 990-T, Part I.

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perfect matches of Form 990 UBI and Form 990-T adjusted UBI.

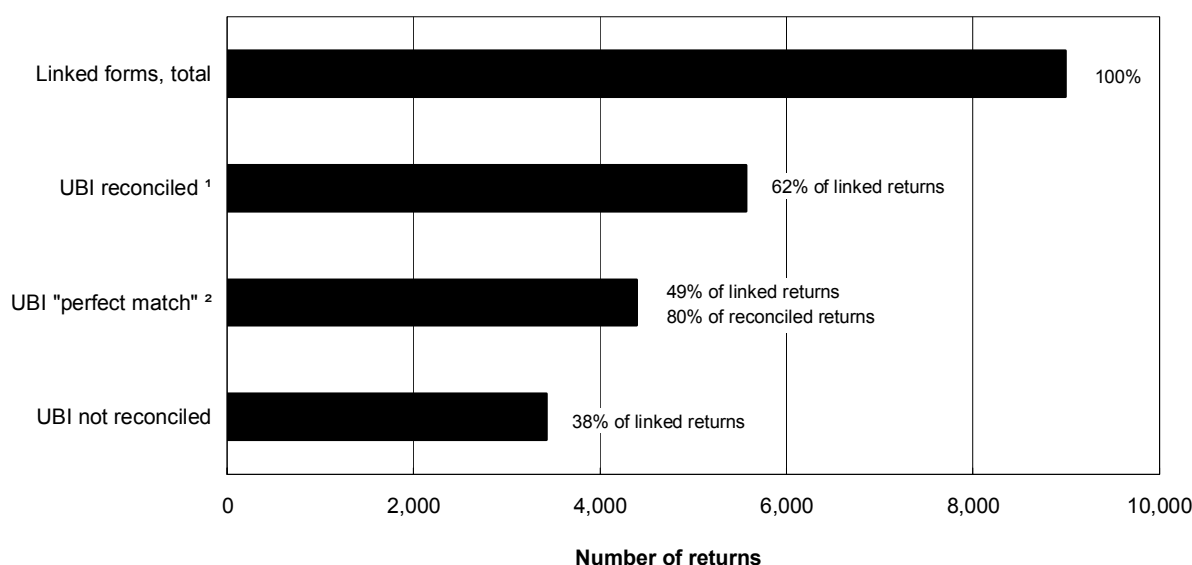
UBI reported on nearly 4 out of every 10 Forms 990 could not be reconciled with UBI reported on Form 990-T, meaning that total UBI on Form 990 did not match gross UBI, net UBI, or adjusted UBI on Form 990-T, within the \$100 tolerance. The reasons for the inconsistency are twofold: some filers reported a combination of gross and net taxable income that differed from that specified in the Form 990 instructions; other filers did not report taxable UBI on Form 990 at all. Of the 7,194 returns where the Form 990 UBI amount was positive, 34 percent could not be reconciled. In some observed cases, the Form 990 amounts simply did not correspond to any Form 990-T amounts. In many other cases, filers of Form 990 erroneously reported Gross receipts from sales

and services in Part VII, rather than Gross profit from sales and services, which is the net of gross receipts minus cost of goods sold. Gross profit, not gross receipts, should be included in total UBI on both Forms 990 and 990-T.

Twenty-eight percent of the 1,183 organizations that reported no potentially taxable UBI amounts on Form 990 filed Form 990-T with net UBI that was negative. Organizations may have presumed that negative net UBI amounts need not be reported on Form 990. These cases were not deemed irreconcilable for this analysis. However, 72 percent of the organizations reporting no taxable UBI on Form 990 filed Form 990-T with positive amounts of gross, net, and adjusted UBI. There is no known reason for this, with the exception of some degree of nonreporting on Form 990.

**Figure H**

### Linked Forms 990 and 990-T of Public Charities: Unrelated Business Income (UBI) Reconciliation Outcome, Tax Year 2002



<sup>1</sup> For this analysis, Form 990 UBI was deemed reconcilable with Form 990-T UBI if it matched any of gross UBI, adjusted UBI, or net UBI on Form 990-T, within a \$100 tolerance. Linked cases in which Form 990-T net UBI was negative and Form 990 UBI was zero were also deemed reconcilable.

<sup>2</sup> Any case where Form 990 UBI corresponded to Form 990-T adjusted UBI, the expected outcome if total UBI was reported correctly on both forms, was considered a "perfect match."

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About one-fifth of the 614 organizations reporting negative UBI on Form 990 filed a Form 990-T with positive amounts of gross, net, and adjusted UBI. In some cases, negative amounts entered on Form 990 for Gain or loss from sales of investment assets were not reported on Form 990-T. As mentioned earlier, income from investments is generally not considered unrelated business income for public charities that file Forms 990 and 990-T. Therefore, net investment income or losses should be reported on Form 990 in Part I, but not in Part VII as UBI.

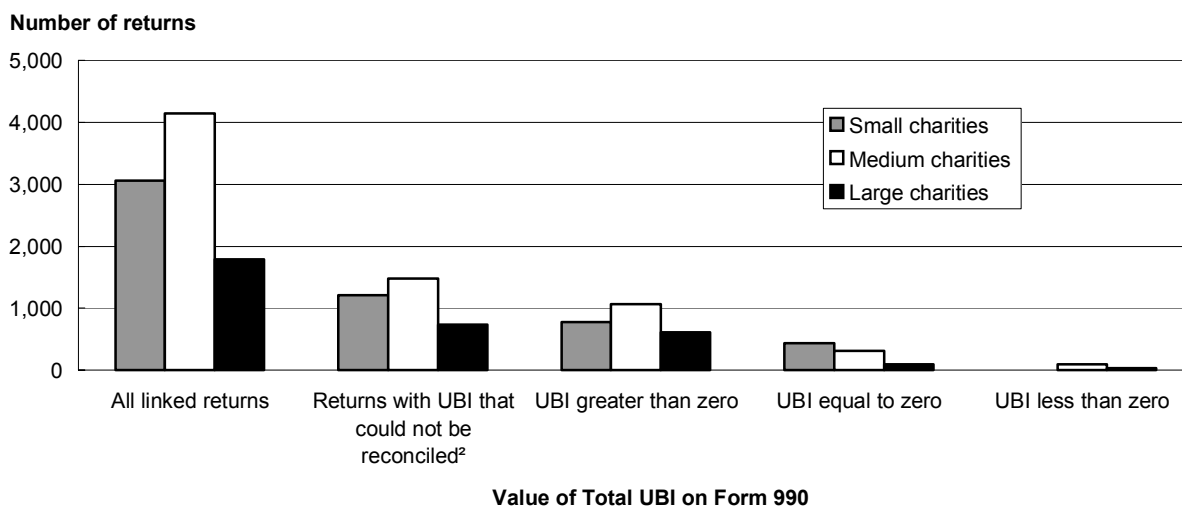
An exception to the UBIT rules regarding investment income applies to public charities that produce income from debt-financed property, in which case the income is subject to the unrelated business income tax. Public charities are required to provide detailed information about income from debt-financed property on Form 990-T, Schedule E, *Unrelated Debt-Financed Income*. This schedule contains several financial items used to compute the amount of debt-financed income that is subject to UBIT. In the above described cases, where organizations

reported losses from sales of investment assets on Form 990, Part VII, there was no debt-financed income reported on Form 990-T, within Part I or on Schedule E. In other irreconcilable cases involving the reporting of debt-financed income, organizations reported debt-financed income on both forms, but 1) the Form 990 amount was negative, and the Form 990-T amount was either positive or a smaller negative; or 2) the amounts on both forms were negative and equal, but positive amounts of other UBI components that were reported on Form 990-T were not reported on Form 990. In many other irreconcilable cases, negative entries on Form 990 could not be correlated with any amount reported on Form 990-T.

Figure I presents distributions, by organization size, of the 3,424 linked Form 990 and Form 990-T cases with total UBI that could not be reconciled [12]. The linked returns are grouped by the three categories of total UBI reported on Form 990 that were discussed above: greater than zero, equal to zero, and less than zero. Of the 8,992 Form 990 filers in the linked return study, 34 percent were small

**Figure I**

### Linked Forms 990 and 990-T of Public Charities with Total Unrelated Business Income (UBI) That Could Not Be Reconciled, by Organization Size<sup>1</sup>, Tax Year 2002



<sup>1</sup>For purposes of analysis, "small" charities hold less than \$1 million in book value of total assets; "medium" charities hold from \$1 million to less than \$50 million in book value of total assets; and "large" charities hold \$50 million or more in book value of total assets.

<sup>2</sup>For this analysis, Form 990 UBI in most cases was deemed not reconcilable with Form 990-T UBI if it did not match any gross UBI, adjusted UBI, or net UBI Form 990-T amount within a \$100 tolerance.



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charities, 46 percent were medium charities, and 20 percent were large charities. The proportions of small, medium, and large charities shown in Figure I for all irreconcilable returns and for those irreconcilable returns with positive Form 990 total UBI are very similar to the size proportions found within the overall population of linked returns. That was not the case for irreconcilable returns where no Form 990 UBI was reported or Form 990 UBI was negative. Small charities had a greater tendency than medium and large charities to report total UBI on Form 990-T, but not on Form 990. They accounted for half of the 853 Forms 990 on which Form 990-T UBI was omitted. The relatively small number of cases with irreconcilable negative total UBI on Form 990 was attributable mainly to medium-size charities, which filed about three-quarters of these 124 returns.

For each taxable UBI item entered on Form 990, the filer is instructed to provide an associated business activity code from a list of NAICS codes. In 36 percent of the linked Forms 990 and 990-T cases, the primary unrelated business activity indicated on the organization's Form 990-T did not match any activity code reported in Part VII of Form 990 for each itemized taxable UBI amount. This, along with UBI reporting inconsistencies, seems indicative of preparers who fill out Form 990 and 990-T exclusive of any attempted reconciliation of reporting of information on the two forms.

Researchers, both in and outside of IRS, use Form 990 to make assessments of nonprofits' financial activities, operations, and programs. Form 990, Part VII, for example, provides data that should be useful for gauging how much of an organization's income is from taxable unrelated business activities and what types of activities are producing the income. Currently, an IRS team is designing a revised Form 990 that will be geared toward obtaining data that will be useful for better regulation and oversight of nonprofit and other tax-exempt organizations. Taxpayer education, comprehensive IRS form instructions, and complete and accurate reporting by return preparers are vital for making the Form 990 a consistent and reliable tool for research and public accountability.

### Summary

During 2003 and 2004, tax-exempt organizations filed an estimated 35,103 Forms 990-T, *Exempt Organi-*

*zation Business Income Tax Returns*, for Tax Year 2002. Compared to Tax Year 2001, organizations reporting "unrelated business income" (UBI) filed only slightly fewer returns for 2002, but it was the fourth consecutive year for which filings of Form 990-T declined. From Tax Year 1998 to Tax Year 2002, the number of filings dropped nearly 25 percent. After offsetting \$7.8 billion of total gross UBI with \$7.9 billion of expenses and deductions, the resulting unrelated business taxable income (less deficit) for 2002 was \$-0.1 billion. Unrelated business taxable income (UBTI) and the associated unrelated business income tax (UBIT) decreased by 18 percent and 14 percent, respectively, over amounts reported for 2001. For the 4 years between 1998 and 2002, UBTI and UBIT each declined by approximately 61 percent.

This article contains analyses from two special studies of exempt-organization reporting quality on Form 990, *Return of Organization Exempt from Income Tax*, and Form 990-T. The Form 990-T deductions allocation study measures the extent to which high-income organizations (those with gross UBI of \$500,000 or more) misreported specifically defined, itemized deduction components as "Other deductions" on Tax Year 2002 Forms 990-T. After allocation, the increase in the total amount of each specifically defined deduction category reported by high-income filers ranged from 3 percent to 45 percent. A second special study, comparing total unrelated business income (UBI) amounts reported on Forms 990 and 990-T, revealed that total UBI reported on nearly 4 out of every 10 Forms 990 could not be reconciled with total UBI reported on Form 990-T. The main reasons for this were twofold: some Form 990 filers reported a combination of gross and net taxable income that differed from the combination specified in the return form instructions; other filers did not report total UBI on Form 990 at all.

### Data Sources and Limitations

The Tax Year 2002 Form 990-T study incorporated a two-stage sample design consisting of a stratified random sample and a special "integrated" sample. The integrated sample was designed to gather information on "related" (tax-exempt) and "unrelated" (taxable) income and expenses for section 501(c)(3) organizations that filed both Form 990, *Return of Organization Exempt from Income Tax*



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(or Form 990-EZ, the short-form version of this information return), and Form 990-T. This integrated sampling program ensured that the Statistics of Income sample of Forms 990-T included any unrelated business income tax returns (with gross UBI of \$1,000 or more) filed by organizations whose Form 990 or Form 990-EZ information returns were selected for the separate sample of section 501(c)(3) nonprofit charitable organizations. Organizations exempt under other Code sections were not subjected to the integrated sampling program.

The Form 990-T returns were initially divided into strata, based on gross UBI, and selected using Bernoulli sampling. Section 501(c)(3) returns not selected randomly were then linked, by Employer Identification Number (EIN), to returns in the Forms 990/990-EZ sample. These linked returns, along with any randomly selected Forms 990-T that also had counterparts in the Forms 990/990-EZ sample,

formed the “integrated” IRC section 501(c)(3) portion of the Form 990-T sample [13].

As shown in Figure J, the designed sampling rates ranged from a minimum of 2 percent (Form 990-T gross UBI less than \$20,000, with either no Form 990/990-EZ EIN match or an EIN match to a Code section 501(c)(3) Form 990/990-EZ with total assets under \$1,000,000) to a maximum of 100 percent (either Form 990-T gross UBI of \$300,000 or more, or Form 990-T with any amount of gross UBI and an EIN match to a section 501(c)(3) Form 990 with total assets of \$30,000,000 or more). Other Forms 990-T were selected at rates ranging from 2 percent to 30 percent. In addition to designed sample rates, Figure J contains population counts, sample counts, and achieved sample rates, by size of gross unrelated business income reported on Form 990-T and size of total assets reported on Form 990 or Form 990-EZ.

**Figure J**

### Population and Sample Counts, and Designed and Achieved Sample Rates, by Sample Group, Tax Year 2002

Sample group number	Size of gross unrelated business income (UBI) on Form 990-T and size of total assets on matching IRC section 501(c)(3) Form 990 or Form 990-EZ <sup>1</sup>	Population counts	Sample counts	Designed sample rate	Achieved sample rate
				Percentages	
		(1)	(2)	(3)	(4)
1	Gross UBI \$1,000 under \$20,000 and total assets under \$1,000,000, or Gross UBI \$1,000 under \$20,000 and no matching Form 990 or Form 990-EZ.....	15,021	317	2.00	2.11
2	Gross UBI \$1,000 under \$20,000 and total assets \$1,000,000 under \$2,500,000, or Gross UBI \$20,000 under \$60,000 and total assets under \$2,500,000, or Gross UBI \$20,000 under \$60,000 and no matching Form 990 or Form 990-EZ.....	6,853	301	4.00	4.39
3	Gross UBI \$1,000 under \$60,000 and total assets \$2,500,000 under \$10,000,000, or Gross UBI \$60,000 under \$150,000 and total assets under \$10,000,000, or Gross UBI \$60,000 under \$150,000 and no matching Form 990 or Form 990-EZ.....	5,580	532	10.00	9.53
4	Gross UBI \$1,000 under \$150,000 and total assets \$10,000,000 under \$30,000,000, or Gross UBI \$150,000 under \$300,000 and total assets under \$30,000,000, or Gross UBI \$150,000 under \$300,000 and no matching Form 990 or Form 990-EZ.....	2,950	942	30.00	31.93
5	Gross UBI \$300,000 or more, or total assets \$30,000,000 or more.....	4,832	4,832	100.00	100.00
	<b>All sample groups <sup>2</sup>.....</b>	<b>35,236</b>	<b>6,924</b>	<b>N/A</b>	<b>N/A</b>

N/A--Not applicable.

<sup>1</sup> The Form 990-T sample included returns that were initially selected based on independent Form 990-T sampling criteria, and additional returns that were not initially selected but were subsequently matched to returns in the Forms 990 and 990-EZ sample of IRC section 501(c)(3) filers. Form 990-EZ may be completed by smaller organizations, those with gross receipts of less than \$100,000 and end-of-year assets of less than \$250,000.

<sup>2</sup> After excluding returns that were originally selected for the sample but later rejected, the sample size was 6,893, and the estimated population size was 35,103.

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The population from which the 2002 Form 990-T sample was drawn consisted of Form 990-T records posted to the IRS Business Master File system during 2003 and 2004. Returns filed after Calendar Year 2004 were not included in the sample, unless a return was considered a large income-size case (over \$300,000 or more of gross UBI). The returns in the sample were stratified based on the size of gross unrelated business income (UBI). A sample of 6,924 returns was selected from a population of 35,236. After excluding returns that were selected for the sample but later rejected, the resulting sample size was 6,893 returns, and the estimated population size was 35,103. Rejected returns included those that had gross UBI below the \$1,000 filing threshold; were filed for a part-year accounting period for 2002, and a full-year return was also filed for that year; or were filed for a part-year accounting period that began in a year other than 2002. For example, a final return filed for the short period of January 2003-June 2003 may have been initially selected for the 2002 sample based on the criterion of an accounting period that ended between December 2002 and November 2003, but it was later rejected because, in actuality, it was a Tax Year 2003 return.

The information presented in this article was obtained from returns as originally filed with the Internal Revenue Service. The data were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. In most cases, due to time constraints, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated into the database.

Because the data are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure K shows CVs for selected financial data. CVs are not shown for returns with gross UBI of \$300,000 or more because they were sampled at a 100-percent rate and, therefore, are not subject to sampling variability. A discussion of the reliability of estimates based on samples and methods for evaluating both the magnitude of sampling and nonsampling error and the precision of sample estimates can be found in the general Appendix, located near the back of this issue of the *SOI Bulletin*.

**Figure K**

## Coefficients of Variation for Selected Items, by Size of Gross Unrelated Business Income, Tax Year 2002

Size of gross unrelated business income	Number of returns	Gross unrelated business income	Total deductions	Unrelated business taxable income	Total tax
Coefficient of variation (percentages)					
	(1)	(2)	(3)	(4)	(5)
<b>Total.....</b>	<b>0.15</b>	<b>0.57</b>	<b>0.59</b>	<b>1.19</b>	<b>1.05</b>
\$1,000 under \$10,001 <sup>1</sup> .....	2.69	4.40	10.87	9.87	11.94
\$10,001 under \$100,000 <sup>1</sup> ...	2.77	2.28	2.93	7.52	9.47
\$100,000 under \$300,000...	2.43	1.94	2.35	6.44	7.38
\$300,000 or more.....	N/A	N/A	N/A	N/A	N/A

N/A--Not applicable because the achieved sample rate was 100 percent.

<sup>1</sup> Organizations with gross unrelated business income (UBI) between \$1,000 (the filing threshold) and \$10,000 were not required to report itemized expenses and deductions, or to complete return schedules. Those with gross UBI over \$10,000 were required to fill out a more detailed "complete" return.

## Explanation of Selected Terms

In some of the following explanations, tax-exempt organizations are cited by the Internal Revenue Code section under which they are described. The various types of tax-exempt organizations subject to the unrelated business income tax provisions are described by Code section in the Appendix to this article. This section provides definitions to help the reader understand the terms contained in the article and in Tables 1 through 7 at the end of the article.

**Advertising Income.**--Gross income realized by a tax-exempt organization from the sale of advertising in a periodical was gross income from an unrelated trade or business activity involving the "exploitation of an exempt activity," namely, the circulation and readership of the periodical developed by producing and distributing the readership content of that periodical. Advertising income was reported separately from other types of "exploited exempt activity income." (See the explanation of Exploited Exempt Activity Income.) Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported gross advertising income, as well as other types of "exploited exempt activity income," as part of gross receipts from sales and services. All other organizations reported this income separately.

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*Capital Gain Net Income.*--Generally, organizations required to file Form 990-T (except organizations tax-exempt under Internal Revenue Code sections 501(c)(7), (9), and (17)) were not taxed on net gains from the sale, exchange, or other disposition of property. However, capital gain net income on sales of debt-financed property, certain gains on the cutting of timber (section 1231), and gains on sales of certain depreciable property (described in sections 1245, 1250, 1252, 1254, and 1255) were taken into account in computing capital gain net income. Also, any gain or loss passed through from a partnership or S corporation, or any gain or loss on the disposition of S corporation stock by a "qualified tax-exempt" (defined in the explanation of Income (Less Loss) from Partnerships and S Corporations), was taxed as a capital gain or loss. (See the explanation of Investment Income (Less Loss) for information regarding investment income of section 501(c)(7), (9), and (17) organizations.)

*Contributions.*--To the extent permissible under the Internal Revenue Code, a deduction was allowed for contributions or gifts actually paid within the tax year to, or for the use of, another entity that was a charitable or Governmental organization described in Code section 170(c). A tax-exempt corporation was allowed a deduction for charitable contributions up to 10 percent of its unrelated business taxable income (UBTI) computed without regard to the deduction for contributions. A tax-exempt trust was generally allowed a deduction for charitable contributions under the rules applicable to individual taxpayers, except the limit on the deduction was determined in relation to UBTI computed without regard to the contributions deduction, rather than in relation to adjusted gross income. Contributions in excess of the respective corporate or trust limitations may be carried over to the next 5 taxable years, subject to certain rules. The contributions deduction was allowed whether or not directly connected with the carrying on of a trade or business.

*Cost of Sales and Services.*--Cost of sales and services was reported as a lump-sum total, but may have included depreciation, salaries and wages, and certain other types of deductible items. For this reason, the total amount shown for some of the separately reported components of total deductions, such as "salaries and wages," may be understated. Cost of sales and services was subtracted from gross

receipts from sales and services in computing gross profit (less loss) from sales and services, which is a component of gross unrelated business income (UBI). Because Form 990-T filing requirements are based on gross UBI, and cost of sales and services is factored into the computation of gross income, the deduction for cost of sales and services is reported in the gross income section of Form 990-T, not the deductions section.

*Deductions Directly Connected With Unrelated Business Income.*--These were deductions allowed in computing net income, if they otherwise qualified as income tax deductions under the Internal Revenue Code and if they had a "proximate and primary" relationship to carrying on an unrelated trade or business. Allowable deductions included those allocable to rental of personal property; those allocable to unrelated debt-financed income; those allocable to investment income of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; those allocable to interest, annuities, royalties, and rents received from "controlled organizations" (see definition of Income from Controlled Organizations); those allocable to "exploited exempt activity income" other than advertising; direct advertising costs; compensation of officers, directors, and trustees; salaries and wages; repairs and maintenance; bad debts; interest; taxes and licenses; depreciation (unless deducted elsewhere); depletion; contributions to deferred compensation plans; contributions to employee benefit plans; the "net operating loss deduction"; and "other deductions." Tax-exempt organizations with gross unrelated business income (UBI) above \$10,000 were required to report each deduction component separately. Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 reported a single total of the first five types of directly-connected expenses listed above (those described as "allocable to") and a single total for all other types of deductions (both deductions directly connected with UBI and those not directly connected, each defined elsewhere in this section), except for two items that were required to be reported separately: the "net operating loss deduction" (directly connected) and the "specific deduction" (not directly connected), both also defined below.

*Deductions Not Directly Connected With Unrelated Business Income.*--The component deductions were "set-asides," "excess exempt ex-

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penses,” charitable contributions, and the “specific deduction.” The specific deduction was reported, when applicable, by all organizations with positive taxable income; the other types of deductions not directly connected with UBI were reported separately, when applicable, only by tax-exempt organizations with gross UBI above \$10,000. (See, also, the explanations of Set-Asides, Excess Exempt Expenses, Contributions, and the Specific Deduction.)

*Excess Exempt Expenses.*--The two types of “excess” expenses allowed as deductions from unrelated business income were (1) excess exempt expenses attributable to commercial exploitation of exempt activities, and (2) excess exempt expenses attributable to advertising income. In the case of “exploited” exempt activity income (see the explanation of Exploited Exempt Activity Income, Except Advertising, below), if the expenses of the organization’s exempt activity exceeded the income from the exempt activity, then the excess expenses could be used to offset any positive net unrelated business income produced from exploiting the exempt activity, to the extent that it did not result in a loss. Excess expenses of a commercially exploited exempt activity could not be used to offset income from another type of unrelated business activity if the unrelated activity did not exploit that particular exempt activity. In the case of excess exempt expenses attributable to advertising income, if the expenses attributable to producing and distributing the readership content of a periodical exceeded the circulation income, then the excess of readership costs over circulation income could be used to offset any net gain from advertising (gross advertising income less direct advertising costs), to the extent that it did not result in a loss.

*Exploited Exempt Activity Income, Except Advertising.*--In some cases, exempt activities create goodwill or other intangibles that are capable of being exploited in a commercial manner. When an organization exploited such an intangible in commercial activities that did not contribute importantly to the accomplishment of an exempt purpose, the income it produced was gross income from an unrelated trade or business. An example of this type of activity would be an exempt scientific organization with an excellent reputation in the field of biological research that exploits its reputation regularly by selling endorsements of laboratory equipment to manufactur-

ers. Endorsing laboratory equipment would not have contributed importantly to the accomplishment of any purpose for which tax exemption was granted to the organization. Accordingly, the income from selling such endorsements is gross unrelated business income. Exploited exempt activity income from advertising was reported separately from other types of exploited exempt activity income (see the explanation of Advertising Income). Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported income from exploited exempt activities as part of gross receipts from sales and services. All other organizations reported this income separately.

*Gross Profit (Less Loss) from Sales and Services.*--This was the gross profit (less loss) from any unrelated trade or business regularly carried on that involved the sale of goods or performance of services. It did not include income from unrelated business activities that were required to be reported separately on any of the tax form’s supporting schedules. For example, an Internal Revenue Code section 501(c)(7) social club would include gross restaurant and bar receipts from nonmembers in the calculation of gross profit (less loss) from sales and services, but would report its investment income from sales of securities on the required supporting schedule. Gross profit (less loss) from sales and services is computed as gross receipts from sales or services, less returns and allowances, minus cost of sales and services.

*Gross Unrelated Business Income (UBI).*--This was the total gross unrelated business income prior to reduction by allowable deductions used in computing unrelated business taxable income. All organizations were required to report detailed sources of gross UBI. The components of gross UBI were gross profit (less loss) from sales and services; capital gain net income; net gain (less loss) from sales of noncapital assets; net capital loss deduction (trusts only); income (less loss) from partnerships and S corporations; rental income; unrelated debt-financed income; investment income (less loss) of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; income (annuities, interest, rents, and royalties) from controlled organizations; “exploited exempt activity” income, except advertising; advertising income; and “other” income (less loss). (For an explanation of these sources of income, see the separate explanations of each component.)



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A tax-exempt organization's income was treated as unrelated business income if it was from a trade or business that was regularly carried on by the organization and that was not substantially related to the performance of the organization's exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). The term "trade or business" generally comprised any activities carried on for the production of income from selling goods or performing services. These activities did not lose their identity as trades or businesses merely because they were carried on within a larger aggregate of similar activities or within a larger complex of other endeavors that may, or may not, have been related to the exempt purposes of the organization. For example, soliciting, selling, or publishing commercial advertising is identified as a trade or business even though the advertising is published in an exempt organization's periodical that contains editorial matter related to the organization's exempt purpose.

*Income from Controlled Organizations.--* When an exempt organization controls another organization, the entire amount of gross annuities, interest, rents, and royalties (termed "specified payments") received from the controlled organization are included in the gross UBI of the controlling organization, to the extent that the specified payments were claimed as a deduction from the controlled organization's own UBI (in the case of an exempt controlled organization) or the "equivalent" of UBI (in the case of a nonexempt controlled organization). The equivalent of UBI was computed as if the nonexempt controlled organization were exempt and had the same exempt purpose as the controlling organization. "Control" meant: (a) for a stock corporation, the ownership (by vote or value) of more than 50 percent of the stock; (b) for a partnership, ownership of more than 50 percent of the profits or capital interests; or (c) for any other organization, ownership of more than 50 percent of the beneficial interests. All deductions "directly connected" with a Form 990-T filer's gross controlled-organization income were allowed. The rules for debt-financed property did not apply to passive income (generally, investment income) from controlled organizations. (See the definition of Unrelated Debt-Financed Income.)

*Income (Less Loss) from Partnerships and S Corporations.--* If an organization was a partner in

any partnership that carried on an unrelated trade or business, this income item included the organization's share of partnership gross unrelated business income less its share of partnership deductions that were directly connected with the unrelated income. If an organization was a "qualified tax-exempt" that held stock in an S corporation, this income item included the income or loss from the stock interest. The stock interest was treated as an unrelated trade or business, and all items of income, loss, or deduction were taken into account in computing unrelated business taxable income. A "qualified tax-exempt" was an organization described in Internal Revenue Code section 401(a) (qualified stock bonus, pension, or profit-sharing plan) or section 501(c)(3), and exempt from tax under section 501(a).

*Investment Income (Less Loss).--* This income was reported only by organizations exempt under Internal Revenue Code sections 501(c)(7), (9), and (17) and included such income as gross unrelated debt-financed income, gross income from the ownership or sale of securities, and set-asides deducted from investment income in previous years that were subsequently used for a purpose other than that for which a deduction was allowed. (See, also, the explanation of Set-Asides.) All gross rents (except those that were exempt-function income) of section 501(c)(7), (9), and (17) organizations were treated as unrelated business income and were reported as "rental income." Organizations exempt under sections other than 501(c)(7), (9), and (17) did not report "investment income (less loss)." Generally, these organizations' investment income (dividends, interest, rents, and annuities) and royalty income were not taxed as unrelated business income, unless it was income, other than dividends, from a controlled organization or debt-financed income, or the rents were of the type described in the explanation of rental income. (See explanations of Income from Controlled Organizations, Rental Income, and Unrelated Debt-Financed Income.)

*Net Capital Loss (Trusts Only).--* If a trust had a net loss from sales or exchanges of capital assets, it was allowed a deduction for the amount of the net loss or \$3,000, whichever was lower. (Tax-exempt corporations were not allowed to deduct any excesses of capital losses over capital gains.) Tax-exempt trusts reported the net capital loss deduction

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on Form 990-T as a component of gross unrelated business income, and it was subtracted when computing total gross UBI.

*Net Gain (Less Loss), Sales of Noncapital Assets.*--This was the gain or loss from the sale or exchange of business property, as reported on Form 4797, *Sales of Business Property*. Property other than capital assets generally included property of a business nature, in contrast to personal and investment properties, which were capital assets.

*Net Operating Loss Deduction (NOLD).*--The net operating loss carryover or carryback (as described in Internal Revenue Code section 172) was allowed as a deduction (limited to the current-year excess of receipts over deductions, prior to applying the NOLD) in computing unrelated business taxable income. However, the net operating loss carryover or carryback (allowed only to or from a tax year for which the organization was subject to tax on unrelated business income) was determined without taking into account any amount of exempt-function income or deductions that had been excluded from the computation of unrelated business taxable income. A "net operating loss" represented the excess of deductions over receipts for a specified year for which an organization reported an overall deficit from its unrelated trade or business activities. The net operating loss deduction statistics in this article represent only net operating loss carryovers from prior years because carrybacks from future years would be reported in a later year on an amended return, not on the return as initially filed (which served as the basis for the statistics).

*Other Deductions.*--This included all types of unrelated business deductions that were not specifically required to be reported elsewhere on the tax return. Examples are fees for accounting, legal, consulting, or financial management services; insurance costs (if not for employee-related benefits); equipment costs; mailing costs; office expenses, such as janitorial services, supplies, or security services; rent; travel expenses; educational expenses; and utilities.

*Other Income (Less Loss).*--This included all types of unrelated business income that were not specifically required to be reported elsewhere on the tax return. Examples are insurance benefit fees; member support fees; commissions; returned contributions that were deducted in prior years; income from insurance activities that was not properly set

aside in prior years; recoveries of bad debts; and refunds of State or local government tax payments, if the payments were previously reported as a deduction.

*Proxy Tax.*--This was a tax on certain nondeductible lobbying and political expenditures. A membership organization that was tax-exempt under Internal Revenue Code sections 501(c)(4), 501(c)(5), or 501(c)(6) was liable for the proxy tax if the organization did not notify its members of the shares of their dues that were allocated to the nondeductible lobbying and political expenditures, or if the notice did not include the entire amount of dues that was allocated. The proxy tax was computed as 35 percent of the aggregate amount of nondeductible lobbying expenditures that was not included in the notices sent to the organization's members. The proxy tax was required to be reported on Form 990-T and was included in total tax; however, there was no connection between the proxy tax and the taxation of income from an organization's unrelated business activities.

*Rental Income.*--For organizations tax-exempt under Internal Revenue Code sections other than 501(c)(7), (9), and (17), this was the amount of (1) gross rents from personal property (e.g., computer equipment or furniture) leased with real property, if the rental income from the personal property was more than 10 percent, but not more than 50 percent, of the total rents from all leased property; or (2) gross rents from both real property and personal property leased with real property if the personal property was more than 50 percent of the total rents from all leased property. Except for the second situation covered above, gross rents from real property were generally excluded in computing unrelated business taxable income. In addition, gross rents from personal property that did not exceed 10 percent of the total rents from all leased property were excluded (and not included in gross UBI). Any rents not covered by the explanation of "rental income" had to be considered in terms of their taxability as unrelated business income from controlled organizations or unrelated debt-financed income, in that order. For organizations tax-exempt under sections 501(c)(7), (9), and (17), rental income included all gross rents (except those that were exempt-function income), with no exclusions. (See explanations of Income from Controlled Organizations and Unrelated Debt-Financed Income.)



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*Set-Asides.*--This deduction from investment income was allowed to social and recreational clubs (Internal Revenue Code section 501(c)(7)), voluntary employees' beneficiary associations (section 501(c)(9)), and supplemental unemployment benefit trusts (section 501(c)(17)). The deduction was equal to the amount of passive income (generally, investment income) that these organizations set aside (1) to be used for charitable purposes or (2) to provide payment of life, health, accident, or other insurance benefits (section 501(c)(9) and (17) organizations only). However, any amounts set aside that exceeded the "qualified asset account" limit, as figured under section 419A, were not allowed as a deduction from unrelated business investment income; they were treated as taxable investment income. A section 419A qualified asset account is any account consisting of assets set aside to provide for the payment of disability benefits, medical benefits, severance pay benefits, or life insurance benefits.

*Specific Deduction.*--The specific deduction was \$1,000 or the amount of positive taxable income, whichever was less. The amount deducted was considered "not directly connected" with gross unrelated business income and was allowed to all organizations that had positive taxable income after all other types of deductions were taken. This deduction provided the equivalent benefit of the \$1,000 gross unrelated business income filing threshold under which some organizations were exempted from filing a return and paying the unrelated business income tax.

*Total Deductions.*--Total deductions included both deductions reported on the main part of Form 990-T and expense items reported on any of six supporting schedules, which were also part of the tax form. It excluded cost of sales and services (\$2.4 billion for 2002), which was subtracted from gross receipts from sales and services in computing gross profit (less loss) from sales and services, which is a component of gross unrelated business income (UBI). (See the explanation of Cost of Sales and Services.)

*Total Tax.*--Total tax was unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, plus the "proxy tax" on certain lobbying and political expenditures, the "alternative minimum tax," and "other" taxes.

*Unrelated Business Income (UBI).*--See definition of Gross Unrelated Business Income (UBI).

*Unrelated Business Income Tax.*--This was the tax imposed on unrelated business taxable income. It was determined based on the regular corporate or trust income tax rates that were in effect for the 2002 Tax Year, as shown in the following schedules.

### Tax Rates for Corporations

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$ 0	\$50,000	15%	\$0
50,000	75,000	$7,500 + 25\%$	50,000
75,000	100,000	$13,750 + 34\%$	75,000
100,000	335,000	$22,250 + 39\%$	100,000
335,000	10,000,000	$113,900 + 34\%$	335,000
10,000,000	15,000,000	$3,400,000 + 35\%$	10,000,000
15,000,000	18,333,333	$5,150,000 + 38\%$	15,000,000
18,333,333	--	35%	0

### Tax Rates for Trusts

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$ 0	\$1,850	15.0%	\$0
1,850	4,400	$277.50 + 27.0\%$	1,850
4,400	6,750	$966.00 + 30.0\%$	4,400
6,750	9,200	$1,671.00 + 35.0\%$	6,750
9,200	--	$2,528.50 + 38.6\%$	9,200

*Unrelated Business Taxable Income (Less Deficit).*--This was gross income derived from any unrelated trade or business regularly carried on by an exempt organization, less deductions directly connected with carrying on the trade or business and less other allowable deductions not directly connected. On a return-by-return basis, the result of this computation was either positive (unrelated business taxable income), negative (deficit), or zero. Taxable income was subject to the unrelated business income tax. (See, also, explanations of Deductions Directly Connected With Unrelated Business Income and Deductions Not Directly Connected With Unrelated Business Income.)

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*Unrelated Debt-Financed Income.*--Gross income from investment property for which acquisition indebtedness was outstanding at any time during the tax year was subject to the unrelated business income (UBI) tax. The percentage of investment income to be included as gross UBI was proportional to the ratio of average acquisition indebtedness to the average adjusted basis of the property. Various types of passive income (generally, investment income) were considered to be unrelated debt-financed income, but only if the income arose from property acquired or improved with borrowed funds and if the production of income was unrelated to the organization's tax-exempt purpose. When any property held for the production of income by an organization was disposed of at a gain during the tax year, and there was acquisition indebtedness outstanding at any time during the 12-month period prior to the date of disposition, the property was considered debt-financed property, and the gain was treated as unrelated debt-financed income. Income from debt-financed property did not include rents from personal property (e.g., computers or furniture) leased with real property, certain passive income (generally, investment income) from controlled organizations, and other amounts that were otherwise included in computing unrelated business taxable income. Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported all debt-financed income as "Investment Income (Less Loss)." All other organizations reported debt-financed income separately.

### Notes and References

- [1] The unrelated business income tax (UBIT) was imposed on the portion of a tax-exempt organization's income produced from a trade or business that was conducted on a regular basis and was not substantially related to the organization's tax-exempt mission. After reducing gross income by allowable deductions, any resulting positive net income was subject to UBIT.
- [2] The proxy tax is required to be reported on Form 990-T and is included in total tax, but it has no connection to the imposition of the unrelated business income tax or an organization's involvement in unrelated business activities. A tax-exempt membership organization was liable

for the proxy tax on certain nondeductible lobbying and political expenditures if the organization did not notify its members of the shares of their dues that were allocated to the nondeductible expenditures, or if the notice did not include the entire amount of dues that was allocated. (See "Proxy Tax" in the Explanation of Selected Terms section of this article for more information.) The proxy tax of \$1.4 million shown in the total tax computation is only that reported by Form 990-T filers with gross unrelated business income above the \$1,000 filing threshold, a criterion for selection for the Statistics of Income (SOI) sample. Proxy tax reported by organizations that had no UBI or those that had UBI below the filing threshold is not included. According to IRS Business Returns Transactions File records, total proxy tax of \$12.1 million was reported on Forms 990-T for Tax Year 2002.

- [3] The amount of total tax liability originally reported on Forms 990-T, as stated in these statistics, may not necessarily be the amount ultimately paid to the Internal Revenue Service (IRS). Changes in tax liability assessments can be made after the original return is filed, either by the taxpayer on an amended return, by the IRS after examination, or by litigation.
- [4] All Form 990-T filers described under Internal Revenue Code sections 220(e) (Archer Medical Savings Accounts), 401(a) (pension, profit-sharing and stock bonus plans), 408(e) (traditional Individual Retirement Arrangement), 408A (Roth Individual Retirement Arrangement), 529(a) (Qualified State Tuition Plans), and 530(a) (Coverdall Education Savings Accounts) are trusts. The group of filers described under section 501(c) contains a mix of trusts and corporations, depending on an entity's choice of organizational structure when it was created (defined in the organization's articles of incorporation or association). See the Appendix to this article for a description of the various types of tax-exempt organizations subject to the unrelated business income tax provisions.
- [5] Most of the statistics on tax-exempt trusts and tax-exempt corporations presented in this

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section are from unpublished data from Form 990-T SOI studies conducted for Tax Years 1998, 1999, and 2002.

- [6] Eighty-one percent of section 501(c)(9) voluntary employees' beneficiary associations (VEBAs) that had taxable unrelated business income for 2002 were structured as trusts, and these trusts accounted for 98 percent of the unrelated business income tax liability of all VEBA's filing Form 990-T for 2002.
- [7] A business activity is considered unrelated if it does not contribute importantly (other than the production of funds) to accomplishing an organization's charitable, educational, or other purpose that is the basis for the organization's tax exemption. In determining whether activities contribute importantly to the accomplishment of an exempt purpose, the size, extent, and nature of the activities involved must be considered in relation to the size, extent, and nature of the exempt function that they intend to serve. To the extent an activity is conducted on a scale larger than is reasonably necessary to perform an exempt purpose, it does not contribute importantly to the accomplishment of the exempt purpose. The part of the activity that is more than needed to accomplish the exempt purpose is an unrelated trade or business. Whether an activity contributes importantly depends in each case on the facts involved. See IRS Publication 598, *Tax on Unrelated Business Income of Exempt Organizations*, for additional information on unrelated business income and tax.

The following is a case example from Publication 598. An American folk art museum operates a shop in the museum that sells reproductions of works in the museum's own collection and also works from the collections of other art museums. In addition, the museum sells souvenir items of the city where the museum is located. The sale of the reproductions, regardless of which museum houses the original works, is considered to be "related" because it contributes importantly to the achievement of the museum's exempt educational purpose by making works of art familiar to a broader

segment of the public, thereby enhancing the public's understanding and appreciation of art. However, the sale of souvenir items depicting the city in which the museum is located is considered to be "unrelated" because it has no causal relationship to art or to artistic endeavor, and, therefore, does not contribute importantly to the accomplishment of the museum's exempt educational purposes.

- [8] The unrelated business income tax (UBIT) for exempt corporations and trusts was determined based on the regular corporate and trust income tax rates in effect for the tax year of the Form 990-T filing. Trusts that were eligible for the maximum 28-percent tax rate on capital gain net income figured their tax based on Schedule D of Form 1041, *U.S. Income Tax Return for Estates and Trusts*. The corporate and trust tax-rate schedules for Tax Year 2002 are included in the definition of Unrelated Business Income Tax, found in the Explanation of Selected Terms section of this article.
- [9] Churches, which are tax-exempt under Internal Revenue Code section 501(c)(3), are not required to apply for exemption unless they desire to obtain an Internal Revenue Service ruling, and they do not have to file a Form 990 information return. However, these churches are required to file Form 990-T if they received \$1,000 or more of gross income from business activities that were considered unrelated to their religious purposes. For the most recent Form 990 annual data on organizations tax-exempt under Internal Revenue Code sections 501(c)(3) (excluding private foundations and most religious organizations) through 501(c)(9), see Arnsberger, Paul D., "Charities and Other Tax-Exempt Organizations, 2002," *Statistics of Income Bulletin*, Fall 2005, Volume 25, Number 2. For the most recent data on private foundations, see Ludlum, Melissa, "Domestic Private Foundations, 1993-2002," *Statistics of Income Bulletin*, Fall 2005, Volume 25, Number 2. Internal Revenue Code section 4947(a)(1) "nonexempt charitable trusts" and section 4947(a)(2) "split-interest trusts" are required to

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report unrelated business income on Form 1041, *Estate and Trust Income Tax Return*, rather than Form 990-T. For information on split-interest trusts, which file Form 5227, *Split-Interest Trust Information Return*, see Schreiber, Lisa, "Split-Interest Trusts, 2003," *Statistics of Income Bulletin*, Spring 2006, Volume 25, Number 4. These reports, and statistical tables of nonexempt charitable trust data for 2002, are available from the IRS Tax Stats Web site at <http://www.irs.gov/taxstats>.

- [10] Data collected for the deductions allocation study were controlled to provide statistics solely on amounts of itemized deductions allocated from Other deductions. Any SOI adjustments made for reasons other than allocating, such as correcting math errors, are included in both the SOI adjusted amounts and the taxpayer reported amounts.

- [11] The actual number of Tax Year 2002 large-income Forms 990-T with allocations was 492. Seven returns could not be located for the study, and data on taxpayer entries of itemized deductions were not available from any other source.

- [12] For purposes of analysis, "small" public charities hold less than \$1 million in book value of total assets; "medium" public charities hold from \$1 million to less than \$50 million in book value of total assets; and "large" public charities hold \$50 million or more in book value of total assets.

- [13] For additional information on the Forms 990 and 990-T integrated sample design, see Harte, James M. and Hilgert, Cecelia H., "Enriching One Sample While Improving Another: Linking Differently Stratified Samples of Documents Filed by Exempt Organizations," *Statistics of Income: Turning Administrative Systems Into Information Systems*, 1993.

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## Appendix

### Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section

Code section	Description of organization	General nature of activities
220(e)	Archer Medical Savings Accounts (MSA's)	Fiduciary agent for accounts used in conjunction with high-deductible health insurance plans to save funds for future medical expenses
401(a)	Qualified pension, profit-sharing, or stock bonus plans	Fiduciary agent for pension, profit-sharing, or stock bonus plans
408(e)	Traditional Individual Retirement Accounts (IRA's)	Fiduciary agent for retirement funds
408A	Roth Individual Retirement Accounts (IRA's)	Fiduciary agent for retirement funds; subject to same rules as traditional IRA's, except contributions are not tax-deductible and qualified distributions are tax free
501(c)(2)	Title-holding corporations for exempt organizations	Holding title to property for exempt organizations
(3)	Religious, educational, charitable, scientific, or literary organizations; testing for public safety organizations. Also, organizations preventing cruelty to children or animals, or fostering national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
(5)	Labor, agricultural, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
(6)	Business leagues, chambers of commerce, real estate boards, and like organizations	Improving conditions in one or more lines of business
(7)	Social and recreational clubs	Pleasure, recreation, and social activities
(8)	Fraternal beneficiary societies and associations	Lodges providing for payment of life, health, accident, or other insurance benefits to members
(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10))	Providing for payment of life, health, accident, or other insurance benefits to members
(10)	Domestic fraternal beneficiary societies and associations	Lodges, societies, or associations devoting their net earnings to charitable, fraternal, and other specified purposes, without life, health, or accident insurance benefits to members
(11)	Teachers' retirement fund associations	Fiduciary associations providing for payment of retirement benefits



# Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

## Appendix

### Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section--Continued

Code section	Description of organization	General nature of activities
501(c)(12)	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations	Activities of a mutually beneficial nature implied by the description of the class of organization
(13)	Cemetery companies	Arranging for burials and incidental related activities
(14)	State-chartered credit unions and mutual insurance or reserve funds	Providing loans to members or providing insurance of, or reserve funds for, shares or deposits in certain banks or loan associations
(15)	Mutual insurance companies or associations other than life, if written premiums for the year do not exceed \$350,000	Providing insurance to members, substantially at cost
(16)	Corporations organized to finance crop operations	Financing crop operations in conjunction with activities of a marketing or purchasing association
(17)	Supplemental unemployment benefit trusts	Fiduciary agent for payment of supplemental unemployment compensation benefits
(18)	Employee-funded pension trusts (created before June 25, 1959)	Providing for payments of benefits under a pension plan funded by employees
(19)	Posts or organizations of past or present members of the armed forces	Providing services to veterans or their dependents; advocacy of veteran's issues; and promotion of patriotism and community service programs
(21)	Black Lung Benefit Trusts	Created by coal mine operators to satisfy their liability for disability or death due to black lung disease
(22)	Withdrawal liability payment funds	Providing funds to meet the liability of employers withdrawing from a multiple-employer pension fund
(23)	Associations of past and present members of the armed forces founded before 1880	Providing insurance and other benefits to veterans or their dependents
(24)	Trusts described in section 4049 of the Employee Retirement Income Security Act of 1974	Providing funds for employee retirement income
(25)	Title-holding corporations or trusts with no more than 35 shareholders or beneficiaries and only one class of stock or beneficial interest	Acquiring real property and remitting all income earned from such property to one or more exempt organizations; pension, profit-sharing, or stock bonus plans; or governmental units



## Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

### Appendix

#### Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section--Continued

Code section	Description of organization	General nature of activities
501(c)(26)	State-sponsored high-risk health insurance plans	Providing coverage for medical care on a not-for-profit basis to residents with pre-existing medical conditions that resulted in denied or exorbitantly priced traditional medical care coverage
(27)	State-sponsored workers' compensation reinsurance plans	Pooled employers' funds providing reimbursements to employees for losses arising under workers' compensation acts; also, State-created, -operated, and -controlled organizations providing workers' compensation insurance to employers
529(a)	Qualified State Tuition Plans	State- and agency-maintained plans that allow individuals to purchase credits or certificates, or make contributions to an account, to pay for future educational expenses
530(a)	Coverdell Education Savings Accounts	Fiduciary agent for accounts created for the purpose of paying qualified higher education expenses of a designated beneficiary

NOTE: Corporations that are organized under an Act of Congress, and are instrumentalities of the United States, described in section 501(c)(1) of the Internal Revenue Code, are not subject to unrelated business income taxation. Prepaid legal service funds, previously described in section 501(c)(20) of the Internal Revenue Code, were no longer tax-exempt effective with tax years beginning after June 30, 1992.

# Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

**Table 1.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Internal Revenue Code Section Describing Type of Tax-Exempt Organization, Tax Year 2002**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Internal Revenue Code section	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Unrelated business taxable income (less deficit)		Unrelated business taxable income <sup>3</sup>	Total tax <sup>4</sup>	
			Number of returns	Amount	Number of returns	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All sections.....</b>	<b>35,103</b>	<b>7,776,017</b>	<b>34,977</b>	<b>7,922,208</b>	<b>27,230</b>	<b>-146,191</b>	<b>647,246</b>	<b>14,511</b>	<b>192,747</b>
220(e).....	--	--	--	--	--	--	--	--	--
401(a).....	381	79,958	334	31,491	325	48,467	49,652	249	16,591
408(e).....	2,300	13,124	2,300	3,288	2,253	9,837	9,837	2,206	3,373
408A.....	**	**	**	**	**	**	**	**	**
501(c)(2) <sup>5</sup> .....	286	87,717	286	91,473	229	-3,756	11,099	84	3,487
501(c)(3).....	12,803	4,720,890	12,795	5,005,814	9,852	-284,924	288,853	4,183	86,001
501(c)(4).....	1,484	437,329	1,462	448,785	878	-11,456	14,598	214	3,855
501(c)(5).....	2,079	241,256	2,078	242,656	1,545	-1,400	19,360	651	5,126
501(c)(6).....	5,483	924,341	5,483	911,889	3,889	12,452	73,346	1,762	20,775
501(c)(7).....	6,372	494,524	6,325	486,541	5,400	7,983	50,067	3,662	10,680
501(c)(8).....	595	130,038	595	128,594	338	1,444	3,931	221	709
501(c)(9).....	733	347,553	733	252,661	426	94,892	102,233	395	35,744
501(c)(10).....	245	23,962	245	25,193	206	-1,231	1,922	41	351
501(c)(11).....	--	--	--	--	--	--	--	--	--
501(c)(12).....	231	77,910	231	77,279	182	631	7,357	102	2,499
501(c)(13).....	*114	*3,470	*114	*3,034	*114	*436	*997	*102	*211
501(c)(14).....	123	45,949	123	56,372	121	-10,423	4,026	84	1,224
501(c)(15).....	**	**	**	**	**	**	**	**	**
501(c)(16).....	--	--	--	--	--	--	--	--	--
501(c)(17).....	--	--	--	--	--	--	--	--	--
501(c)(18).....	--	--	--	--	--	--	--	--	--
501(c)(19).....	1,799	135,489	1,799	139,487	1,397	-3,998	6,795	483	1,094
501(c)(21) <sup>6</sup> .....	--	--	--	--	--	--	--	--	--
501(c)(22).....	--	--	--	--	--	--	--	--	--
501(c)(23).....	--	--	--	--	--	--	--	--	--
501(c)(24).....	**	**	**	**	**	**	**	**	**
501(c)(25).....	*25	*1,732	*25	*1,245	*25	*488	*641	*23	*96
501(c)(26).....	--	--	--	--	--	--	--	--	--
501(c)(27).....	**	**	**	**	**	**	**	**	**
529(a).....	--	--	--	--	--	--	--	--	--
530(a).....	--	--	--	--	--	--	--	--	--

<sup>1</sup> Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>2</sup> Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

<sup>3</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

<sup>4</sup> Includes both expenses and deductions reported on Form 990-T, lines 13(B) and 34, respectively.

<sup>5</sup> Includes only positive amounts of unrelated business taxable income.

<sup>6</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.1 million.

<sup>7</sup> Corporations that are organized under an Act of Congress and are instrumentalities of the United States, described in section 501(c)(1) of the Internal Revenue Code, are not subject to unrelated business income taxation.

<sup>8</sup> Prepaid legal service funds, previously described in section 501(c)(20) of the Internal Revenue Code, were no longer tax-exempt, beginning with tax years after June 30, 1992. Therefore, these organizations are not listed in this table.

NOTES: Detail may not add to totals because of rounding. See the Appendix to this article for descriptions of the types of tax-exempt organizations filing Form 990-T, by the Internal Revenue Code section describing them.

# Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

**Table 2.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Size of Gross UBI, Tax Year 2002**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Unrelated business taxable income (less deficit)		Unrelated business taxable income <sup>3</sup>	Total tax <sup>4</sup>	
			Number of returns	Amount	Number of returns	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>35,103</b>	<b>7,776,017</b>	<b>34,977</b>	<b>7,922,208</b>	<b>27,230</b>	<b>-146,191</b>	<b>647,246</b>	<b>14,511</b>	<b>192,747</b>
\$1,000 under \$10,001 <sup>5</sup> .....	13,395	53,742	13,348	62,733	10,310	-8,991	13,624	6,868	2,444
\$10,001 under \$100,000 <sup>5</sup> .....	13,341	508,157	13,266	541,776	10,389	-33,619	71,541	4,584	13,280
\$100,000 under \$500,000.....	5,987	1,306,509	5,986	1,339,646	4,722	-33,138	136,918	2,237	36,772
\$500,000 under \$1,000,000.....	1,139	794,839	1,138	798,162	853	-3,324	69,732	410	21,231
\$1,000,000 under \$5,000,000.....	999	2,022,671	997	2,041,214	769	-18,543	194,002	329	64,471
\$5,000,000 or more.....	242	3,090,100	242	3,138,677	187	-48,577	161,429	82	54,549

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

<sup>2</sup> Includes both expenses and deductions reported on Form 990-T, lines 13(B) and 34, respectively.

<sup>3</sup> Includes only positive amounts of unrelated business taxable income.

<sup>4</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.1 million.

<sup>5</sup> The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

**Table 3.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Size of Unrelated Business Taxable Income or Deficit, Tax Year 2002**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of unrelated business taxable income or deficit	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Unrelated business taxable income (less deficit)		Total tax <sup>3</sup>	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>35,103</b>	<b>7,776,017</b>	<b>34,977</b>	<b>7,922,208</b>	<b>27,230</b>	<b>-146,191</b>	<b>14,511</b>	<b>192,747</b>
Deficit.....	12,735	3,466,715	12,735	4,260,153	12,735	-793,438	108	650
Zero <sup>4</sup> .....	7,873	1,872,093	7,873	1,872,093	--	--	123	584
\$1 under \$1,000.....	3,232	60,533	3,232	59,225	3,232	1,308	3,227	197
\$1,000 under \$10,000.....	6,653	270,326	6,606	245,392	6,653	24,934	6,522	3,982
\$10,000 under \$100,000.....	3,663	664,768	3,588	544,351	3,663	120,417	3,592	22,328
\$100,000 under \$500,000.....	741	647,714	740	490,728	741	156,986	736	49,490
\$500,000 under \$1,000,000.....	92	224,881	91	160,677	92	64,205	90	20,825
\$1,000,000 or more.....	114	568,987	112	289,591	114	279,396	113	94,691

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

<sup>2</sup> Includes both expenses and deductions reported on Form 990-T, lines 13(B) and 34, respectively.

<sup>3</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.1 million.

<sup>4</sup> The Zero category includes 7,873 returns with equal amounts of gross unrelated business income and total deductions. These returns are not included in the data shown in column 5.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

**Table 4.--Returns with Positive Unrelated Business Taxable Income: Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income, and Total Tax, by Type of Entity and Size of Gross UBI, Tax Year 2002**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of entity and size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Unrelated business taxable income	Total tax <sup>3</sup>	
			Number of returns	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>ALL ENTITIES</b>							
<b>Total.....</b>	<b>14,495</b>	<b>2,437,209</b>	<b>14,369</b>	<b>1,789,963</b>	<b>647,246</b>	<b>14,281</b>	<b>191,513</b>
\$1,000 under \$10,001 <sup>4</sup> .....	6,820	24,294	6,773	10,669	13,624	6,773	2,152
\$10,001 under \$100,000 <sup>4</sup> .....	4,621	171,812	4,546	100,270	71,541	4,514	12,954
\$100,000 under \$500,000.....	2,239	505,147	2,238	368,228	136,918	2,195	36,607
\$500,000 under \$1,000,000.....	410	279,005	409	209,273	69,732	402	21,150
\$1,000,000 under \$5,000,000.....	329	637,535	327	443,534	194,002	322	64,225
\$5,000,000 or more.....	75	819,417	75	657,987	161,429	74	54,425
<b>TAX-EXEMPT CORPORATIONS</b>							
<b>Total.....</b>	<b>11,339</b>	<b>2,164,609</b>	<b>11,260</b>	<b>1,709,995</b>	<b>454,613</b>	<b>11,223</b>	<b>124,840</b>
\$1,000 under \$10,001 <sup>4</sup> .....	4,277	18,068	4,230	7,749	10,319	4,277	1,556
\$10,001 under \$100,000 <sup>4</sup> .....	4,277	160,462	4,249	98,376	62,086	4,217	9,593
\$100,000 under \$500,000.....	2,058	463,021	2,057	360,823	102,197	2,014	24,108
\$500,000 under \$1,000,000.....	377	255,598	376	203,964	51,634	370	15,235
\$1,000,000 under \$5,000,000.....	285	547,739	283	419,960	127,779	280	40,881
\$5,000,000 or more.....	64	719,721	64	619,123	100,598	64	33,466
<b>TAX-EXEMPT TRUSTS</b>							
<b>Total.....</b>	<b>3,156</b>	<b>272,600</b>	<b>3,109</b>	<b>79,967</b>	<b>192,633</b>	<b>3,058</b>	<b>66,673</b>
\$1,000 under \$10,001 <sup>4</sup> .....	2,543	6,225	2,543	2,920	3,305	2,496	595
\$10,001 under \$100,000 <sup>4</sup> .....	345	11,350	297	1,894	9,456	297	3,361
\$100,000 under \$500,000.....	181	42,126	181	7,405	34,721	181	12,499
\$500,000 under \$1,000,000.....	33	23,407	33	5,309	18,098	32	5,915
\$1,000,000 under \$5,000,000.....	44	89,797	44	23,574	66,222	42	23,344
\$5,000,000 or more.....	11	99,696	11	38,865	60,831	10	20,959

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For exempt organizations reporting positive unrelated business taxable income, cost of sales and services was \$710.6 million, 99 percent of which was attributable to tax-exempt corporations.

<sup>2</sup> Includes both expenses and deductions reported on Form 990-T, lines 13(B) and 34, respectively.

<sup>3</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting positive unrelated business taxable income, total proxy tax was \$0.4 million.

<sup>4</sup> The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

NOTE: Detail may not add to totals because of rounding.



# Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

**Table 5.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Primary Unrelated Business Activity or Industrial Grouping, Tax Year 2002**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Primary unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Unrelated business taxable income (less deficit)		Unrelated business taxable income <sup>3</sup>	Total tax <sup>4</sup>	
			Number of returns	Amount	Number of returns	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All activities and groupings.....</b>	<b>35,103</b>	<b>7,776,017</b>	<b>34,977</b>	<b>7,922,208</b>	<b>27,230</b>	<b>-146,191</b>	<b>647,246</b>	<b>14,511</b>	<b>192,747</b>
Agriculture, forestry, hunting, and fishing.....	224	41,133	224	21,943	173	19,190	22,680	158	7,664
Mining.....	244	26,503	244	26,136	181	367	4,306	179	1,049
Utilities.....	30	26,162	30	25,336	26	826	*1,431	*19	*517
Construction.....	52	110,862	52	111,350	45	-488	*1,401	*29	*453
Manufacturing.....	139	57,988	139	68,228	105	-10,240	11,233	58	3,864
Wholesale trade.....	*63	*2,396	*63	*2,173	*62	*223	*559	*49	*139
Retail trade.....	1,625	441,128	1,625	501,662	1,294	-60,534	19,021	564	5,222
Transportation and warehousing.....	32	6,854	32	7,935	30	-1,081	1,031	4	340
Information.....	673	231,030	671	230,076	506	954	22,101	273	7,777
Finance and insurance, total.....	8,470	1,102,210	8,421	905,596	7,009	196,614	263,473	5,812	84,499
Unrelated debt-financed activities, other than rental of real estate <sup>5</sup> .....	437	100,798	437	61,805	372	38,993	48,008	211	15,677
Investment activities of Code section 501(c)(7), (9), and (17) organizations <sup>5,6</sup> .....	3,187	366,694	3,187	256,770	2,462	109,924	118,609	2,156	38,495
Passive income activities with controlled organizations <sup>5</sup> .....	342	180,936	341	166,634	286	14,302	27,851	209	8,965
Other finance and insurance.....	4,505	453,782	4,456	420,387	3,889	33,396	69,005	3,236	21,362
Real estate and rental and leasing, total.....	6,106	941,635	6,081	928,794	4,921	12,841	106,421	2,470	29,860
Rental of personal property.....	620	52,796	620	52,694	486	102	5,304	210	1,196
Other real estate and rental and leasing.....	5,486	888,839	5,461	876,100	4,436	12,739	101,118	2,259	28,663
Professional, scientific, and technical services.....	7,854	1,732,006	7,854	1,784,898	5,114	-52,891	75,924	1,674	20,969
Management of companies and enterprises.....	4	3,567	4	1,128	4	2,439	2,476	3	837
Administrative and support and waste management and remediation services.....	704	335,269	704	351,506	482	-16,237	16,953	207	5,059
Educational services.....	12	32,602	12	37,650	8	-5,049	351	3	112
Healthcare and social assistance.....	993	1,348,143	991	1,468,051	837	-119,909	42,616	307	13,517
Arts, entertainment, and recreation.....	4,070	616,715	4,022	662,940	3,171	-46,225	26,261	1,420	4,488
Accommodation and food services.....	2,739	485,360	2,739	536,932	2,394	-51,572	16,702	851	3,423
Other services.....	698	154,288	698	170,293	608	-16,005	6,436	300	1,348
Exploited exempt activities.....	210	75,233	210	74,517	145	716	5,309	127	1,432
Not allocable.....	163	4,933	163	5,064	115	-131	*561	*5	*178

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

<sup>2</sup> Includes both expenses and deductions reported on Form 990-T, lines 13(b) and 34, respectively.

<sup>3</sup> Includes only positive amounts of unrelated business taxable income.

<sup>4</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.1 million.

<sup>5</sup> See the Explanation of Selected Terms section of this article for definitions of Unrelated Debt-Financed Income, Investment Income (Less Loss), and Income from Controlled Organizations.

<sup>6</sup> Section 501(c)(7) organizations are social and recreational clubs; section 501(c)(9) organizations are voluntary employees' beneficiary associations; and section 501(c)(17) organizations are supplemental unemployment benefit trusts.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

**Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI, Tax Year 2002**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Gross unrelated business income (UBI)		Sources of gross unrelated business income (UBI) <sup>1</sup>			
			Gross profit (less loss) from sales and services		Capital gain net income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total.....</b>	<b>35,103</b>	<b>7,776,017</b>	<b>14,895</b>	<b>4,322,643</b>	<b>614</b>	<b>106,267</b>
<b>\$1,000 under \$10,001 <sup>2</sup> .....</b>	<b>13,395</b>	<b>53,742</b>	<b>2,864</b>	<b>10,010</b>	<b>*151</b>	<b>*184</b>
<b>\$10,001 or more, total <sup>2,3</sup> .....</b>	<b>21,708</b>	<b>7,722,275</b>	<b>12,031</b>	<b>4,312,632</b>	<b>463</b>	<b>106,083</b>
\$10,001 under \$100,000.....	13,341	508,157	6,731	230,100	214	7,641
\$100,000 under \$500,000.....	5,987	1,306,509	3,734	707,744	159	17,842
\$500,000 under \$1,000,000.....	1,139	794,839	735	412,856	30	11,109
\$1,000,000 under \$5,000,000.....	999	2,022,671	659	1,094,952	42	38,761
\$5,000,000 or more.....	242	3,090,100	172	1,866,979	18	30,730

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> --Continued					
	Net capital loss (trusts only)		Net gain (less loss), sales of noncapital assets <sup>4</sup>		Income (less loss) from partnerships and S corporations	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Total.....</b>	<b>147</b>	<b>930</b>	<b>250</b>	<b>4,445</b>	<b>3,977</b>	<b>180,890</b>
<b>\$1,000 under \$10,001 <sup>2</sup> .....</b>	<b>*47</b>	<b>*142</b>	<b>*10</b>	<b>*-220</b>	<b>2,793</b>	<b>7,353</b>
<b>\$10,001 or more, total <sup>2,3</sup> .....</b>	<b>99</b>	<b>788</b>	<b>240</b>	<b>4,664</b>	<b>1,184</b>	<b>173,537</b>
\$10,001 under \$100,000.....	--	--	121	-160	548	10,652
\$100,000 under \$500,000.....	62	548	65	697	317	35,560
\$500,000 under \$1,000,000.....	10	30	15	242	107	20,078
\$1,000,000 under \$5,000,000.....	24	200	23	-820	150	59,219
\$5,000,000 or more.....	3	9	16	4,706	62	48,028

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> -- Continued					
	Rental income <sup>5</sup>		Unrelated debt-financed income		Investment income (less loss) <sup>6</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(13)	(14)	(15)	(16)	(17)	(18)
<b>Total.....</b>	<b>4,550</b>	<b>240,445</b>	<b>3,079</b>	<b>436,949</b>	<b>5,454</b>	<b>350,619</b>
<b>\$1,000 under \$10,001 <sup>2</sup> .....</b>	<b>1,163</b>	<b>5,415</b>	<b>866</b>	<b>3,539</b>	<b>2,606</b>	<b>7,702</b>
<b>\$10,001 or more, total <sup>2,3</sup> .....</b>	<b>3,387</b>	<b>235,031</b>	<b>2,213</b>	<b>433,410</b>	<b>2,848</b>	<b>342,917</b>
\$10,001 under \$100,000.....	2,423	55,547	1,380	43,575	1,630	22,184
\$100,000 under \$500,000.....	722	63,133	590	81,312	951	43,446
\$500,000 under \$1,000,000.....	125	31,728	95	40,519	169	30,141
\$1,000,000 under \$5,000,000.....	92	47,944	120	120,796	84	94,406
\$5,000,000 or more.....	25	36,678	28	147,208	14	152,738

Footnotes at end of table.

# Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

**Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI, Tax Year 2002**  
**--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> --Continued							
	Income from controlled organizations <sup>7</sup>		Exploited exempt activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
<b>Total</b> .....	<b>1,358</b>	<b>211,110</b>	<b>842</b>	<b>128,202</b>	<b>8,226</b>	<b>1,281,633</b>	<b>5,035</b>	<b>513,745</b>
<b>\$1,000 under \$10,001</b> <sup>2</sup> .....	<b>400</b>	<b>1,100</b>	<b>*181</b>	<b>*1,080</b>	<b>3,387</b>	<b>13,927</b>	<b>1,131</b>	<b>3,795</b>
<b>\$10,001 or more, total</b> <sup>2,3</sup> .....	<b>958</b>	<b>210,010</b>	<b>661</b>	<b>127,122</b>	<b>4,839</b>	<b>1,267,706</b>	<b>3,905</b>	<b>509,950</b>
\$10,001 under \$100,000.....	540	8,508	291	5,520	2,686	80,801	2,134	43,789
\$100,000 under \$500,000.....	249	22,890	225	17,272	1,512	220,800	1,254	96,360
\$500,000 under \$1,000,000.....	57	12,691	57	15,973	313	170,229	215	49,302
\$1,000,000 under \$5,000,000.....	75	58,568	69	45,285	265	316,355	234	147,403
\$5,000,000 or more.....	37	107,352	19	43,072	62	479,522	68	173,096

<sup>\*</sup>Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> For definitions of the sources of gross unrelated business income, see the Explanation of Selected Terms section of this article.

<sup>2</sup> The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

<sup>3</sup> All organizations were required to report each income item, as shown in columns 3 through 26. However, only organizations with gross UBI over \$10,000 were required to report each deduction shown in columns 14 through 45, 48, 49, and 54 through 59 of Table 7. Income totals for these larger organizations with gross UBI over \$10,000 are shown in order to facilitate comparison with Table 7.

<sup>4</sup> Property other than capital assets generally included property of a business nature, in contrast to personal and investment property, which were capital assets.

<sup>5</sup> Income from real property and personal property leased with real property.

<sup>6</sup> Reported by Internal Revenue Code section 501(c)(7), (9), and (17) organizations only.

<sup>7</sup> Annuities, interest, rents, and royalties.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

**Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income (UBI), Tax Year 2002**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	All organizations			Organizations with gross unrelated business income (UBI) of \$1,000 under \$10,001 <sup>3</sup>					
	Total number of returns	Total deductions <sup>1,2</sup>		Total deductions <sup>2,4</sup>		Net operating loss deduction		Specific deduction	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>35,103</b>	<b>34,977</b>	<b>7,922,208</b>	<b>13,348</b>	<b>62,733</b>	<b>921</b>	<b>1,263</b>	<b>8,117</b>	<b>7,614</b>
\$1,000 under \$10,001 <sup>3</sup> .....	13,395	13,348	62,733	13,348	62,733	921	1,263	8,117	7,614
\$10,001 under \$100,000 <sup>3</sup> .....	13,341	13,266	541,776	--	--	--	--	--	--
\$100,000 under \$500,000.....	5,987	5,986	1,339,646	--	--	--	--	--	--
\$500,000 under \$1,000,000.....	1,139	1,138	798,162	--	--	--	--	--	--
\$1,000,000 under \$5,000,000.....	999	997	2,041,214	--	--	--	--	--	--
\$5,000,000 or more.....	242	242	3,138,677	--	--	--	--	--	--

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) of \$10,001 or more <sup>3</sup>								
	Total deductions <sup>2,5</sup>		Deductions directly connected with UBI						
			Total		Allocable to rental income <sup>6</sup>		Allocable to unrelated debt-financed income <sup>6</sup>		Allocable to investment income <sup>6,7</sup>
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
<b>Total.....</b>	<b>20,704</b>	<b>7,305,072</b>	<b>20,704</b>	<b>7,305,072</b>	<b>1,623</b>	<b>156,010</b>	<b>2,115</b>	<b>426,611</b>	<b>908</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	12,591	511,619	12,591	511,619	1,162	29,933	1,334	48,458	351
\$100,000 under \$500,000.....	5,800	1,265,199	5,800	1,265,199	328	40,222	550	85,515	413
\$500,000 under \$1,000,000.....	1,112	728,510	1,112	728,510	57	17,292	92	36,443	92
\$1,000,000 under \$5,000,000.....	967	1,908,607	967	1,908,607	59	33,067	113	116,738	49
\$5,000,000 or more.....	232	2,891,138	232	2,891,138	18	35,496	26	139,457	3

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) of \$10,001 or more <sup>3</sup> --Continued								
	Deductions directly connected with UBI--Continued								
	Allocable to investment income <sup>6,7</sup> --Continued	Allocable to income from controlled organizations <sup>6</sup>		Allocable to exploited exempt activity income, except advertising <sup>6</sup>		Direct advertising costs <sup>6</sup>		Compensation of officers, directors, and trustees	
	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)
<b>Total.....</b>	<b>15,018</b>	<b>467</b>	<b>147,724</b>	<b>605</b>	<b>120,403</b>	<b>4,450</b>	<b>923,970</b>	<b>1,766</b>	<b>38,242</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	1,300	225	6,477	281	4,533	2,463	65,959	929	8,660
\$100,000 under \$500,000.....	4,100	128	15,747	192	18,192	1,383	153,724	604	13,018
\$500,000 under \$1,000,000.....	1,580	39	9,074	54	12,983	301	125,396	101	3,516
\$1,000,000 under \$5,000,000.....	5,833	48	33,622	62	44,591	245	223,681	107	8,323
\$5,000,000 or more.....	2,206	27	82,805	16	40,104	57	355,210	26	4,723

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) of \$10,001 or more <sup>3</sup> --Continued							
	Deductions directly connected with UBI--Continued							
	Salaries and wages		Repairs and maintenance		Bad debts		Interest	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)
<b>Total.....</b>	<b>10,063</b>	<b>1,517,666</b>	<b>6,935</b>	<b>117,790</b>	<b>918</b>	<b>43,132</b>	<b>2,912</b>	<b>61,518</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	5,260	112,517	3,546	16,065	304	276	1,387	6,263
\$100,000 under \$500,000.....	3,410	345,539	2,445	31,590	326	1,507	1,112	16,075
\$500,000 under \$1,000,000.....	652	174,121	456	13,591	104	1,710	211	9,340
\$1,000,000 under \$5,000,000.....	585	403,065	383	23,701	129	10,151	148	18,929
\$5,000,000 or more.....	156	482,423	104	32,843	54	29,488	54	10,912

Footnotes at end of table.

# Unrelated Business Income Tax Returns, 2002: Financial Highlights and Special Analyses of Exempt-Organization Reporting Quality

**Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income (UBI), Tax Year 2002**  
**--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) of \$10,001 or more <sup>a</sup> --Continued							
	Deductions directly connected with UBI--Continued							
	Taxes and licenses paid deduction		Depreciation		Depletion		Contributions to deferred compensation plans	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)
<b>Total.....</b>	<b>10,169</b>	<b>161,329</b>	<b>7,689</b>	<b>221,587</b>	<b>94</b>	<b>3,457</b>	<b>981</b>	<b>12,204</b>
\$1,000 under \$10,001 <sup>a</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>a</sup> .....	5,828	22,032	4,152	24,370	*74	*730	446	478
\$100,000 under \$500,000.....	3,224	65,653	2,496	57,052	*12	*937	360	2,047
\$500,000 under \$1,000,000.....	557	26,370	469	26,991	**	**	**	**
\$1,000,000 under \$5,000,000.....	444	29,139	438	54,935	**7	**1,790	**175	**9,679
\$5,000,000 or more.....	116	18,135	134	58,238	**	**	**	**

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) of \$10,001 or more <sup>a</sup> --Continued							
	Deductions directly connected with UBI--Continued							
	Contributions to employee benefit programs		Net operating loss deduction		Other deductions		Deductions not directly connected with UBI	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)
<b>Total.....</b>	<b>4,960</b>	<b>212,057</b>	<b>3,296</b>	<b>164,487</b>	<b>13,598</b>	<b>2,961,868</b>	<b>10,430</b>	<b>554,402</b>
\$1,000 under \$10,001 <sup>a</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>a</sup> .....	2,127	7,366	1,893	15,087	7,629	141,114	6,192	30,156
\$100,000 under \$500,000.....	1,815	29,508	963	29,038	4,217	355,737	3,045	74,447
\$500,000 under \$1,000,000.....	442	21,733	181	20,667	804	226,235	601	69,652
\$1,000,000 under \$5,000,000.....	447	62,739	203	44,810	753	791,001	474	132,607
\$5,000,000 or more.....	129	90,712	55	54,885	195	1,447,781	117	247,539

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) of \$10,001 or more <sup>a</sup> --Continued							
	Deductions not directly connected with UBI--Continued							
	Specific deduction		Charitable contributions		Set-asides <sup>7</sup>		Excess exempt expenses <sup>8</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>Total.....</b>	<b>8,031</b>	<b>7,635</b>	<b>1,456</b>	<b>32,740</b>	<b>351</b>	<b>223,387</b>	<b>2,314</b>	<b>290,640</b>
\$1,000 under \$10,001 <sup>a</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>a</sup> .....	4,917	4,611	735	2,577	*195	*6,490	1,130	16,479
\$100,000 under \$500,000.....	2,288	2,208	487	6,890	90	15,135	769	50,215
\$500,000 under \$1,000,000.....	427	418	100	10,704	28	15,004	199	43,527
\$1,000,000 under \$5,000,000.....	324	323	100	8,237	30	48,297	171	75,749
\$5,000,000 or more.....	75	75	34	4,333	9	138,462	45	104,670

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

\*\*Data in adjacent size classes are combined to avoid disclosure of information about specific taxpayers.

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

<sup>2</sup> Includes both expenses and deductions reported on Form 990-T, lines 13(B) and 34, respectively.

<sup>3</sup> Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only totals for expenses and deductions (except for the specific deduction and net operating loss deduction, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each expense and deduction item separately, as shown in columns 14 through 45, 48, 49, and 54 through 59.

<sup>4</sup> Excludes \$48.5 million of cost of sales and services reported by organizations with gross UBI of \$10,000 or less. See footnote 1 for explanation.

<sup>5</sup> Excludes \$2.3 billion of cost of sales and services reported by organizations with gross UBI over \$10,000. See footnote 1 for explanation.

<sup>6</sup> This deduction was required to be reported as a lump-sum total only and may have included component deductions that were of the same type shown elsewhere in this table. For example, if deductions "allocable to rental income" included depreciation, then that amount of depreciation would not be included in the separately reported item, "depreciation." Therefore, the total amount shown for some of the separately reported deductions may be understated.

<sup>7</sup> Reported by Internal Revenue Code section 501(c)(7), (9), and (17) organizations only.

<sup>8</sup> Includes excess exempt-activity expenses from Form 990-T, Schedule I, and excess readership costs from Form 990-T, Schedule J.

NOTE: Detail may not add to totals because of rounding.



# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

by William P. Jauquet

**T**he total value of transactions between large foreign-owned domestic corporations and related foreign persons declined for Tax Year 2002 despite the increased number of domestic corporations and related persons engaged in these transactions. The number of large domestic corporations that were 25 percent or more foreign-owned and reported transactions with related foreign parties continued to grow. For 2002, there were 737 foreign-owned domestic corporations, which reported transactions with related foreign persons on Form 5472, up from 612 in 2000 and 610 in 1998. Figure A, which provides statistics on selected items from Form 5472 for Tax Years 1992 through 2002, highlights the extent of the decline in the value of transactions from 2000 levels. The total amounts received (excluding loan balances) declined by 37.2 percent to \$166.7 billion, and the total amounts paid (excluding loan balances) declined by 26.4 percent to \$353.6 billion. While loan balances, both amounts borrowed and amounts loaned, increased for 2002, the net increase on those balances declined by \$11.5 billion. For 2002, the ending balance for the amount borrowed, \$498.8 billion, was \$55.1 billion greater than the beginning balance; for 2000 the difference was \$140.0 billion. For 2002 the ending balance for amounts loaned, \$189.1 billion, was \$44.3 billion greater than the beginning balance; for 2000 this difference was \$46.1 billion. Total inflows, the total received plus the increase between the beginning amounts borrowed and the ending amounts borrowed, equaled \$221.8 billion, a decline of 45.3 percent from the 2000 amount. Total outflows, the total paid plus the increase between the beginning amounts loaned and the ending amounts loaned, equaled \$397.9 billion, a decline of 24.4 percent from the 2000 amount. Taken together, the U.S. corporations in this study sent out more in property, services, and money than they received in transactions with related foreign parties, resulting in a net outflow of \$176.1 billion.

## Study Criteria

This study covers transactions between reporting corporations and related foreign persons. A reporting

corporation is defined as either a domestic corporation that is 25-percent or more owned by a single foreign person or a foreign corporation engaged in a U.S. trade or business (i.e., a U.S. branch of a foreign corporation).

More than 99 percent of the reporting corporations included in this study are companies incorporated in the United States. These corporations must report transactions made with each related foreign party during the taxable year [1]. Related foreign persons include any direct or indirect 25-percent foreign shareholder, as well as any foreign person related to either the reporting corporation or a 25-percent foreign shareholder as defined by the Internal Revenue Code [2]. The transactions are reported on Form 5472, *Information Return of a 25-Percent Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business*. A consolidated corporate tax return can and frequently does include multiple Forms 5472. Data in this study are not published by individual reporting corporations but instead are published by either the corporation on whose return the Form 5472 was filed or by the country of the related foreign person (or both). See Tables 1, 2, and 3.

Congress, concerned that related party transactions could be manipulated to avoid U.S. taxation, added reporting requirements as part of the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982 to provide the Internal Revenue Service with more information about the nature and amount of these transactions. The TEFRA reporting requirements led the IRS to publish and distribute Form 5472 [3]. This new form was attached to corporation income tax returns for tax years beginning after December 31, 1983. The data in this study are of particular interest because they cover transactions between U.S. and foreign companies where an arm's-length relationship cannot be assumed.

Statistics of Income conducted this study annually beginning in 1988, then biennially since 1994. For inclusion in this study, a corporation must report \$500

**Total value of transactions covered by these statistics declined despite the increased number of domestic corporations and related foreign persons engaged in these transactions.**

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# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

million or more in total receipts and file a Form 5472. In 2002, a domestic corporation was required to file a Form 5472 if it was at least 25-percent foreign-owned and engaged in transactions with at least one related foreign party. The Internal Revenue Code subjects each reporting corporation to a fine of \$10,000 for each related party for which it failed to file all reportable transactions on Form 5472 [4].

## Decline in Total Amounts Received and Total Amounts Paid

Despite the increase in the number of large foreign-owned domestic corporations and in the number of

related foreign parties covered by the study, the amount that these domestic corporations received from related foreign persons declined compared with 2000 amounts. Peaking at \$297.9 billion in 1998, the total received from related foreign persons (excluding loan balances) has declined in the two successive studies, to \$265.3 billion in 2000 and \$166.7 billion in 2002 (Figure A). Contributing to the decline in the total amount received for 2002 were a 44.4-percent drop in the sales of stock in trade to the United Kingdom (U.K.), decreasing from \$83.8 billion in 2000 to \$46.6 billion in 2002 and a dramatic 97.8-percent drop in the “other amounts” received from

**Figure A**

## Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Form 5472: Selected Items for Selected Tax Years 1992 through 2002

[Money amounts are in billions of dollars]

Item	1992	1993	1994	1996	1998	2000	2002
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Foreign-owned domestic corporations with total receipts of \$500 million or more and with Form 5472 <sup>1</sup></b>							
Number of returns.....	366	437	444	545	610	612	737
Total assets.....	1,317.3	1,540.5	1,681.6	2,125.8	2,929.4	4,486.1	4,712.3
Total receipts.....	808.0	871.4	944.6	1,175.4	1,292.9	1,920.8	1,851.1
Income subject to U.S. tax.....	14.5	15.7	18.5	36.2	36.4	72.7	46.4
Total U.S. income tax after credits.....	4.1	4.9	5.8	10.2	10.8	20.2	12.1
<b>Transactions between foreign-owned domestic corporations and related foreign persons</b>							
Number of related foreign persons.....	6,708	7,662	8,540	10,316	11,379	12,276	14,515
Amounts received from related foreign persons:							
Total (excluding loan balances) <sup>2</sup> .....	63.1	77.1	112.3	132.5	297.9	265.3	166.7
Sales of stock in trade.....	49.0	53.1	69.4	65.8	259.4	159.2	110.3
Sales of tangible property other than stock in trade.....	0.7	0.5	1.1	2.8	3.3	4.7	8.2
Consideration for technical, managerial, or like services.....	3.0	3.1	3.6	4.4	10.6	10.9	12.2
Interest.....	1.1	1.1	1.1	1.8	2.7	4.6	4.2
Premiums for insurance or reinsurance.....	2.8	1.4	0.7	0.9	1.0	1.2	1.4
Amounts borrowed, ending balance.....	67.9	88.6	87.9	134.2	206.5	418.2	498.8
Amounts paid to related foreign persons:							
Total (excluding loan balances) <sup>2</sup> .....	139.2	185.3	220.0	212.3	398.9	480.2	353.6
Purchases of stock in trade.....	120.8	153.4	177.9	178.0	348.7	347.0	278.2
Purchases of tangible property other than stock in trade.....	2.6	3.9	2.7	3.9	5.3	7.4	2.4
Consideration for technical, managerial, or like services.....	2.1	2.5	3.4	4.4	6.5	8.5	7.3
Interest.....	5.4	5.7	6.2	8.8	14.5	26.1	24.6
Premiums for insurance or reinsurance.....	3.1	1.7	1.8	1.8	1.8	2.0	14.0
Amounts loaned, ending balance.....	19.2	24.0	28.4	30.4	55.8	97.0	189.1

<sup>1</sup> Includes data for a few foreign life insurance companies filing Form 1120L. See footnote 11 at the end of this article.

<sup>2</sup> Includes items not shown separately.

NOTE: Detail may not add to totals because of rounding.

## Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

the Netherlands, down from \$85.4 billion in 2000 to \$1.9 billion in 2002 [5]. “Other amounts” act as a catchall for all transaction amounts that do not fit on one of the defined lines of the form.

The amount that domestic corporations paid to related foreign persons declined for the first time since the drop between the 1994 and 1996 studies. In 1996, domestic corporations covered by these statistics made total payments of \$212.3 billion, down from \$220.0 billion in 1994. Following the 1996 study, the total amounts paid climbed to \$398.9 billion in 1998 and \$480.2 billion in 2000. For 2002, total amounts paid declined to \$353.6 billion. The cause of the decline in total amounts paid correlates with the cause of the decline in total amounts received, discussed above. The decline in total amounts paid was caused by a 57.9-percent drop in the purchase of stock in trade from the U.K., down from \$94.9 billion in 2000 to \$39.9 billion in 2002 and on 83.6-percent drop in “other amounts” paid to the Netherlands, down from \$75.0 billion in 2000 to \$12.3 billion in 2002 [6].

The decline in total amounts received and in total amounts paid in 2002 can be further isolated to foreign-controlled domestic corporations in the finance and insurance sector, which transacted with related foreign persons from the U.K. and the Netherlands. For the U.K. despite the increase both in the number of 25-percent foreign-owned domestic corporations (which will subsequently be referred to simply as the “number of returns”) in this industry reporting transactions with related foreign parties and in the number of related foreign parties which transacted with those corporations, the drop in 2002 for sales of stock in trade and purchases of stock in trade came almost entirely from the finance and insurance sector. The number of returns in the finance and insurance sector which reported transactions with at least one related foreign party from the U.K. increased from 26 in 2000 to 41 in 2002. The number of related foreign persons in this category increased from 103 in 2000 to 142 in 2002. See Table 3 for current-year amounts. Despite these increases, the amount domestic corporations in the finance and insurance sector received from sales of stock in trade made to related persons resident and doing business in the U.K. declined 47.2 percent, dropping from \$78.2 billion in 2000 to \$41.3 billion in 2002. The amount paid by domestic corporations in purchases of stock

in trade from related persons in the U.K. similarly declined 71.9 percent, dropping from \$74.5 billion in 2000 to \$20.9 billion in 2002.

Similarly, the drop in “other amounts” received from the Netherlands and “other amounts” paid to the Netherlands also came from the finance and insurance sector, despite the increase in the number of returns in the industrial sector reporting transactions with related foreign persons from the Netherlands and the number of related foreign persons who transacted with those corporations. The number of returns in the finance sector that reported transactions with at least one related foreign person from the Netherlands increased from 13 in 2000 to 15 in 2002 (Table 3). The number of related foreign persons in this category increased from 19 in 2000 to 25 in 2002. Despite these increases, the amount domestic corporations in the finance and insurance sector received in the form of “other amounts” from related persons resident of and doing business in the Netherlands declined 99.1 percent, dropping from \$65.0 billion for 2000 to \$0.6 billion in 2002. “Other amounts” paid by domestic corporations to related persons from the Netherlands similarly declined 99.8 percent, dropping from \$65.0 billion in 2000 to \$0.1 billion in 2002.

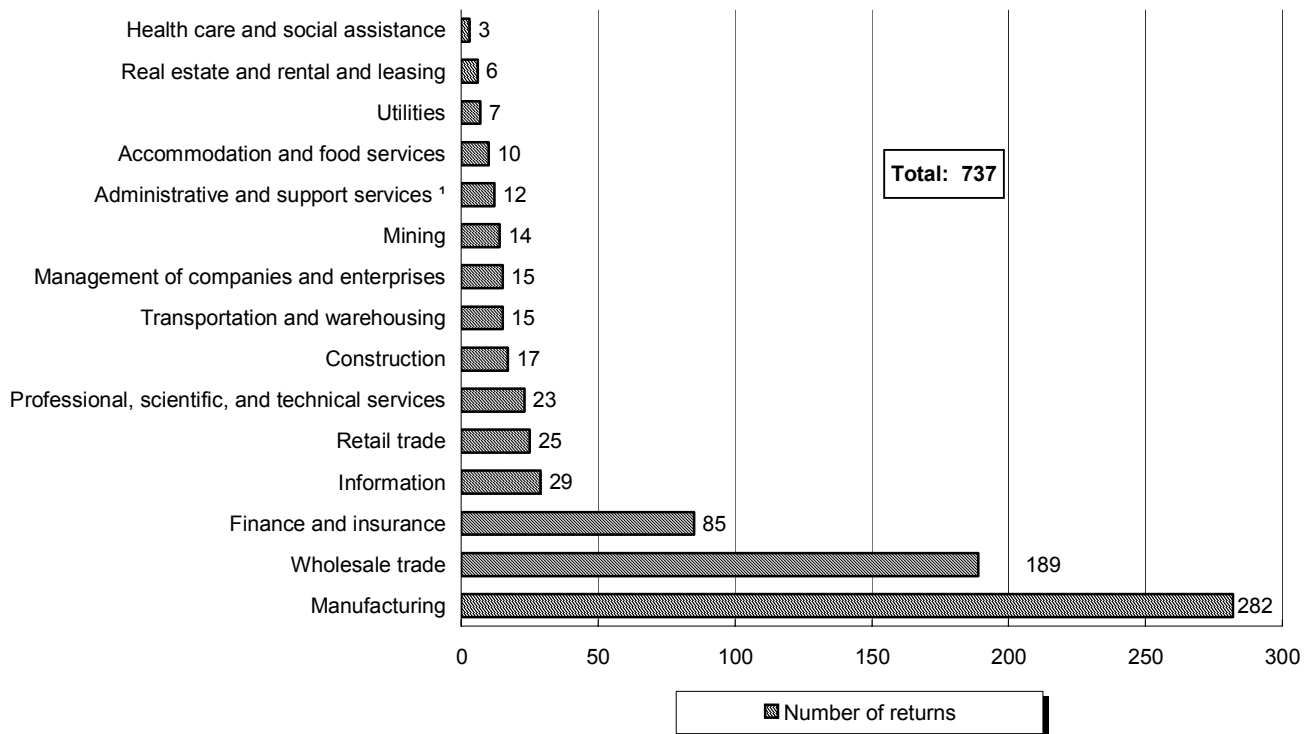
### Receipts and Payments by Industrial Sector

Foreign-owned domestic corporations classified in three industrial sectors, wholesale trade, manufacturing, and finance and insurance, were responsible for 79 percent of all related foreign persons and 92 percent of all nonloan transactions. The wholesale trade sector reported the largest amount of nonloan transactions, \$198.3 billion or 38.1 percent of the total receipts and payments, and the second largest number of related foreign persons, 2,879 persons or 19.8 percent of the total. See Table 1 for statistics by industry of the foreign-owned domestic corporation. Total receipts and payments for these 189 wholesale trade corporations rose by 4.7 percent compared with 2000 levels. See Figure B for the number of returns broken out by industry. The wholesale trade sector reported the highest amount of total nonloan receipts and payments largely due to a total paid of \$158.3 billion and the dramatic decrease in nonloan receipts and payments from the finance sector, down from \$309.9 billion in 2000 to \$104.9 billion in 2002. The 282 corporations in the manufacturing sector reported transactions with the

## Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Figure B**

**Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Form 5472: Number of Returns, by NAICS Industrial Sector of Domestic Corporation, Tax Year 2002**



<sup>1</sup> "Administrative and support and waste management and remediation services."

NOTE: NAICS is the abbreviation for the North American Industry Classification System. Not shown to avoid disclosure of information about specific corporations are the NAICS industrial sectors, "Arts, entertainment, and recreation"; "Agriculture, forestry, fishing, and hunting"; and "Other services (except Public Administration)."

largest number of related foreign persons, 7,794 persons or 53.7 percent of the total, and the second largest amount of total nonloan transactions, \$173.3 billion or 33.3 percent of the total. Due to the drop in total receipts and payments, corporations in the finance and insurance sector reported the third largest amount, \$104.9 billion or 20.2 percent of the total, and the third largest number of related foreign persons, 810 persons or 5.6 percent of the total.

It is important to note that the number of related foreign persons is not necessarily the same as the number of transactions. A related foreign person may have had multiple transactions with a foreign-owned domestic corporation during an accounting period included in this study. The number of transactions was not available for this study.

### Transactions with Whom?

Related persons from only five countries are responsible for 67.9 percent of the total nonloan transactions. In order, the five countries are Japan, the United Kingdom, Canada, Germany, and Switzerland (Figure C). Domestic corporations reporting transactions with related persons from four of these five countries paid out more than they received (meaning that there was a net outflow (not including loan balances) during 2002 from the domestic corporations to the related persons from these particular countries). The largest discrepancy came from related persons resident and doing business in Japan, who were paid \$93.5 billion more than the domestic corporations transacting with them received. The only country among the five where related persons

## Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

from that country were paid less than domestic corporations transacting with them received was the United Kingdom. Corporations transacting with related persons from the United Kingdom received \$14.7 billion more than they paid to the related foreign persons.

Related parties from 16 countries each accounted for more than 1 percent of total nonloan transactions (Figure C). The additional 11 countries are (in order): South Korea, the Netherlands, France, Singapore, Mexico, Belgium, Hong Kong, Bermuda, Ireland, Sweden, and Taiwan. These 16 countries were responsible for 89.5 percent of total nonloan transactions for 2002. It is notable that transactions between domestic corporations and foreign persons from China do not make up a significant part of these statistics despite China being the U.S.'s fourth largest trading partner in 2002 [7]. The 329 persons from China, 2.3 percent of all foreign persons, accounted

for only 0.3 percent of total nonloan transactions. See Table 2 for statistics by country of related foreign person, including China.

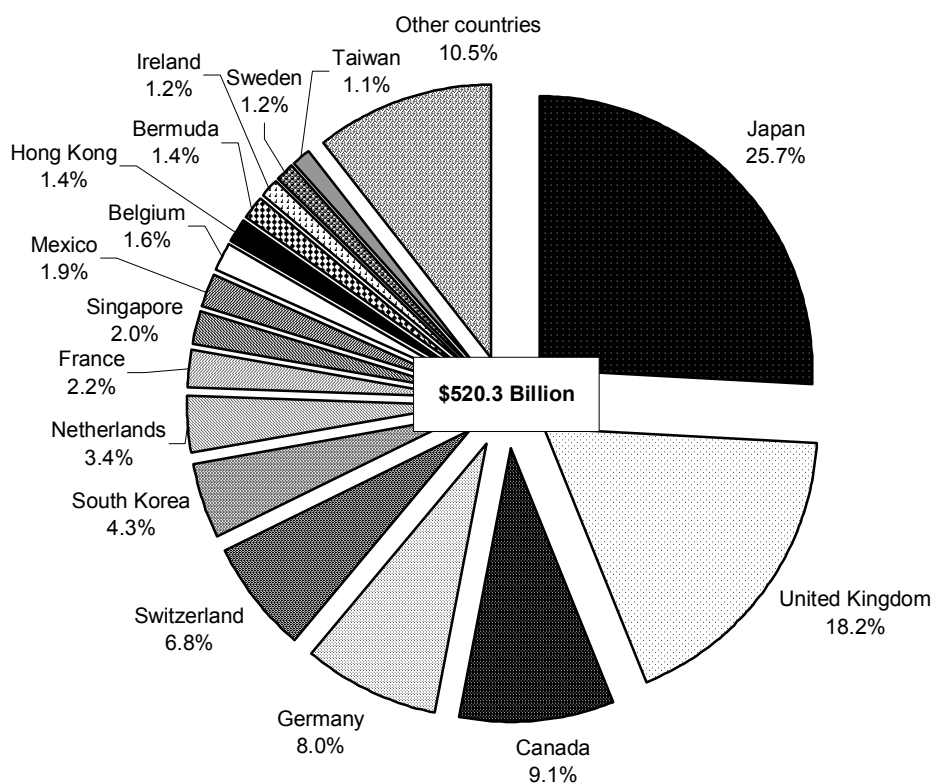
### Sample Selection, Data Sources, and Limitations

The foreign-owned domestic corporation statistics were collected annually from 1988 to 1993, then collected biennially since 1994 [8, 9]. The Tax Year 2002 statistics include data from Forms 5472, in general, for all U.S. corporations with total receipts of \$500 million or more, which were owned (25 percent or more) by a foreign person and reported transactions with related foreign persons.

The corporation Statistics of Income study is based on a sample of over 145,000 corporate income tax returns chosen from 5.7 million returns which companies filed for Tax Year 2002, i.e., with accounting periods ending July 2002 through June 2003.

**Figure C**

**Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons: Total Value of Nonloan Transactions, by Selected Country of Residence of Related Foreign Persons, Tax Year 2002**





# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

These returns were selected after completion of administrative processing but before the start of any audit examinations [10]. From the sample, only those returns of domestic corporations reporting total receipts of \$500 million or more and with attached Forms 5472 were selected for this study. Returns, however, with at least one Form 5472 attached and selected in previous studies were included in these statistics, even if the corporation fell below the \$500-million receipts threshold. Foreign corporations (filing Form 1120F) engaged in a U.S. trade or business were not included in these statistics, even though the corporation may have filed Forms 5472 for transactions with related foreign persons [11]. Because corporation income tax returns with total receipts of \$500 million or more are sampled at the 100-percent rate the data in this study are not subject to sampling variability though possibly subject to nonsampling error.

For 2002, the 737 “large” foreign-owned domestic corporations filing Forms 5472 comprised 72.1 percent of the total assets and 71.9 percent of the total receipts reported by all 25-percent-or-more foreign-owned domestic corporations. These large corporations accounted for 9.3 percent of the total assets and 9.4 percent of the total receipts reported by all domestic corporations for 2002 (Figure D). These data showed a relative lessening of the importance of these corporations among the total population of domestic corporations. Compare Figure D of

this article with Figure C of the 2000 article. The comparison shows an increase in the percentage of corporate receipts that corporations in this study accounted for among all corporations but decreases in their percentage of assets, income subject to tax, and income tax after credits.

The industry code used to classify returns for Figure A and Tables 1 and 3 represents the principal business activity of the corporation filing the tax return - i.e., the activity that accounted for the largest portion of total receipts as reported in the corporation’s income statement [12]. However, a given return may refer to a company engaged in several business activities or an affiliated group of corporations that conducted different business activities (consolidated return filing). To the extent that some consolidated (and nonconsolidated) returns were engaged in more than one type of business activity, transaction data in this article are not entirely related to the industrial activity under which they are shown.

## Explanation of Selected Terms

*Amounts Borrowed and Loaned.*--Because the beginning and ending balances, in general, reflect only the amounts outstanding at the beginning and end of the accounting period, respectively, these amounts do not reflect amounts borrowed and loaned in transactions that took place entirely within the accounting period.

**Figure D**

### Foreign-Owned and Other Domestic Corporations: Selected Items, Tax Year 2002

[Money amounts are in billions of dollars]

Item	All domestic corporations <sup>1</sup>	25-percent-or-more foreign-owned domestic corporations <sup>2</sup>		25-percent-or-more foreign-owned domestic corporations with total receipts of \$500 million or more and with Form 5472 as a percentage of . . .	
		Total	With total receipts of \$500 million or more and with Form 5472	All domestic corporations	25-percent-or-more foreign-owned domestic corporations <sup>2</sup>
	(1)	(2)	(3)	(4)	(5)
Number of returns.....	5,266,607	66,286	737	0.01	1.11
Total assets.....	50,413.5	6,533.9	4,712.3	9.35	72.12
Total receipts.....	19,749.4	2,575.2	1,851.1	9.37	71.88
Income subject to U.S. tax.....	600.6	68.1	46.4	7.73	68.14
Total U.S. income tax after credits.....	153.6	18.5	12.1	7.88	65.41

<sup>1</sup> Includes 12,705 returns of Forms 1120-F (which are foreign corporations doing business in the US.)

<sup>2</sup> Includes data for a few foreign life insurance corporations filing Form 1120-L. See footnote 11 at the end of this article.

## Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

*Country of Residence of a Related Person.*--Based on the income tax regulations related to Internal Revenue Code section 6038A, Form 5472 requires the reporting of each country in which a related person files an income tax return as a resident under the tax laws of that country. The statistics in Tables 2 and 3 are based on this reported residence, and, within this meaning, the related foreign person is a resident of a particular foreign country.

*Foreign-Owned Domestic Corporations.*--For purposes of these statistics, a domestic corporation was considered foreign-owned if at least 25 percent of the total voting power of all classes of stock permitted to vote, or 25 percent of the total value of all classes of stock of the corporation, was owned, directly or indirectly, at any time in the tax year, by a single foreign shareholder (generally a foreign parent corporation). This is in contrast to the other Statistics of Income data on "foreign-controlled" domestic corporations, which are based on 50-percent-or-more ownership by a foreign person [13].

*Foreign Person.*--The term "foreign person" generally includes: (1) any partnership, association, company, or corporation that was not created or organized under the laws of the United States or of any of its States; (2) any individual who is not a citizen or resident of the United States; (3) any individual who is a citizen of a U.S. possession but is not otherwise a U.S. citizen or resident; and (4) any foreign trust, estate, or government. For the most part, the foreign persons referred to in this article are corporations. See also "Related Foreign Person," below.

*Number of Foreign Persons.*--The data shown in the figures and tables, in general, represent the number of foreign persons reported on the Forms 5472 appended to the 737 income tax returns filed by domestic corporations with \$500 million or more in total receipts (defined below) that were 25-percent-or-more owned by a foreign person. Domestic member corporations of an affiliated group that filed a consolidated income tax return could also join in filing a consolidated Form 5472 for transactions with a given related foreign person. However, some affiliated domestic corporations that could have filed consolidated Forms 5472 filed separate forms instead. When these forms were identified during statistical processing, the information on them was

combined, and the result treated as a single Form 5472 for consistency. To this extent, the "number of persons" understates the actual number of Forms 5472 attached to the 737 income tax returns included in the statistics.

*OPEC Countries.*--Summary statistics are provided in Table 2 for the following Middle Eastern countries that were members of the Organization of Petroleum Exporting Countries (OPEC) for 2002: Iran, Iraq, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates. Data for non-Middle Eastern OPEC members are not shown by country.

*Related Foreign Person.*--Persons related to the domestic corporation that filed a Form 5472 include the 25-percent-or-more foreign shareholder, any foreign person who was related to the reporting corporation or the 25-percent-or-more shareholder (as described in Internal Revenue Code sections 267(b) or 707(b)), or any other foreign person who was related to the reporting corporation within the meaning of Internal Revenue Code section 482 (covering the allocation of income and deductions among related taxpayers) and the associated regulations. See also "Foreign Person," above, for the definition of "person."

*Total Nonloan Transactions.*--A term used in the article for the total value of transactions paid to or received from a related foreign person.

*Total Receipts.*--Total receipts are the total income of the domestic corporation as reported in the U.S. income tax return. In general, they are derived from the tax return as follows: (1) gross taxable receipts (before deduction of cost of sales and operations, and ordinary and necessary business expenses), plus (2) tax-exempt interest received from State and local government obligations, less (1) net losses from sales of property other than capital assets and (2) certain taxable income from related foreign corporations only constructively received.

### Notes and References

- [1] IR Code section 6038A.
- [2] See IR Code sections 267(b), 482, and 707(b)(1).
- [3] For a more extensive discussion of the legislative history of this reporting requirement see Duffy, Heather R., "Transactions Between Large Foreign-Owned Domestic Corporations

## Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

and Related Foreign Persons, 2000,” *Statistics of Income Bulletin*, Fall 2003, Volume 23, Number 1. For the discussion of these requirements in the congressional record, see 135 Congressional Records S13057-03, S13147.

- [4] IR Code section 6038A(d).
- [5] Compare Table 3 of this article with Table 3 of “Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2000” in Duffy, Heather R., “Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2000,” *Statistics of Income Bulletin*, Fall 2003, Volume 23, Number 1.
- [6] Ibid.
- [7] For an article discussing the U.S. trade deficit with China for 2002, see Leonhardt, David, “Slump Aside, Trade Deficit Hits a Record,” *New York Times*, February 2003, 21, late edition, section C 1. For statistics on U.S. trade with China, listing it as the U.S.’s fourth largest trading partner in 2002, see Foreign Trade Statistics on the U.S. Census Bureau’s Web site at [www.census.gov/foreign-trade/top/dst/2002/12/balance.html](http://www.census.gov/foreign-trade/top/dst/2002/12/balance.html).
- [8] Additional information about Statistics of Income Form 5472 studies for Tax Years 1988 through 2000 may be found in the following *Statistics of Income Bulletin* issues: Tax Year 1988, Summer 1992, Volume 12, Number 1; Tax Year 1989, Spring 1993, Volume 12, Number 4; Tax Year 1990, Summer 1994, Volume 14, Number 1; Tax Year 1991, Summer 1995, Volume 15, Number 1; Tax Year 1992, Fall 1996, Volume 16, Number 2; Tax Year 1993, Fall 1997, Volume 17, Number 2; Tax Year 1994, Winter 1997-1998, Volume 17, Number 3; Tax Year 1996, Fall 1999, Volume 19, Number 2; Tax Year 1998, Fall 2001, Volume 21, Number 2; and Tax Year 2000, Fall 2003, Volume 23, Number 2.
- [9] Form 5472 statistics for Tax Years 1988 through 1990 covered all foreign-owned domestic

corporations with total receipts of \$1 billion or more. Statistics for Tax Years 1991 through 1994, 1996, 1998, 2000, and 2002 covered all foreign-owned domestic corporations with total receipts of \$500 million or more. Consequently, data for 1991 and thereafter are not comparable to the earlier studies.

- [10] For more information on the corporate sample and statistics on corporation income tax returns for 2002, see *Statistics of Income--2002, Corporation Income Tax Returns*.
- [11] Foreign corporations (except life insurance companies) engaged in a U.S. trade or business file Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*. These returns are excluded from the Form 5472 statistics. However, data reported by a few foreign life insurance companies filing Form 1120-L, *U.S. Life Insurance Company Income Tax Return*, are included in the Form 5472 statistics to ensure completeness of the industry statistics for domestic corporations.
- [12] For the first time in Tax Year 1998, corporate returns reported their principal business activities according to the North American Industry Classification System (NAICS). This system was developed as a result of the North American Free Trade Agreement (NAFTA) to standardize business classifications for the United States, Canada, and Mexico. NAICS divides the economy into twenty sectors, with an emphasis on production processes. NAICS replaced the Standard Industrial Classification (SIC) codes, which were used to classify corporations in past Statistics of Income studies, causing a break in the year-to-year comparability of the industrial data.
- [13] Statistics on domestic corporations controlled by foreign persons for 2000 are reported in Hobbs, James R., “Foreign-Controlled Domestic Corporations, 2000,” *Statistics of Income Bulletin*, Summer 2005, Volume 25, Number 1.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 1.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation**

[Money amounts are in thousands of dollars]

Industrial sector	Number of returns	Total assets	Total receipts	Income subject to U.S. tax	Total U.S. income tax after credits
	(1)	(2)	(3)	(4)	(5)
<b>All industries.....</b>	<b>737</b>	<b>4,712,254,880</b>	<b>1,851,085,416</b>	<b>46,445,050</b>	<b>12,108,382</b>
Agriculture, forestry, fishing, and hunting.....	**	**	**	**	**
Mining.....	14	73,911,580	19,578,737	436,193	39,679
Utilities.....	7	54,630,870	21,900,900	2,083	7,058
Construction.....	17	31,239,681	32,182,624	368,848	127,993
Manufacturing.....	282	1,223,499,735	822,694,555	27,329,620	6,093,320
Wholesale trade.....	189	255,926,647	417,664,962	8,016,116	2,603,360
Retail trade.....	25	62,665,529	102,323,874	1,325,535	454,336
Transportation and warehousing.....	15	26,217,852	23,266,314	81,987	33,173
Information.....	29	526,994,672	74,257,619	783,723	258,443
Finance and insurance.....	85	1,857,663,658	233,936,113	4,455,972	1,524,372
Real estate and rental and leasing.....	6	14,280,800	4,841,469	46,011	16,672
Professional, scientific, and technical services.....	23	43,320,083	17,329,897	262,077	82,686
Management of companies and enterprises.....	15	464,841,004	34,125,671	2,969,123	770,276
Administrative and support and waste management and remediation services.....	12	28,723,734	17,016,565	29,264	5,870
Health care and social assistance.....	3	10,718,158	7,360,252	45,705	15,424
Arts, entertainment, and recreation.....	**	**	**	**	**
Accommodation and food services.....	10	31,256,190	18,524,437	279,813	74,848
Other services (except public administration).....	**	**	**	**	**
<b>Transactions between foreign-owned domestic corporations and related foreign persons</b>					
Industrial sector	Number of related foreign persons	Amounts received from related foreign persons			
		Total (excluding loan balances)	Sales of stock in trade	Sales of tangible property other than stock in trade	Rents and royalties
	(6)	(7)	(8)	(9)	(10)
<b>All industries.....</b>	<b>14,515</b>	<b>166,722,849</b>	<b>110,256,958</b>	<b>8,172,296</b>	<b>1,815,700</b>
Agriculture, forestry, fishing, and hunting.....	**	**	**	**	**
Mining.....	362	2,849,224	1,817,729	128,069	40,960
Utilities.....	20	97,288	17,377	--	--
Construction.....	461	1,402,020	205,591	771,462	64
Manufacturing.....	7,794	49,882,729	32,600,826	2,336,004	959,297
Wholesale trade.....	2,879	40,009,229	30,391,360	907,340	262,042
Retail trade.....	186	319,759	42,062	350	2,787
Transportation and warehousing.....	250	4,810,151	25,798	21,366	320,083
Information.....	780	3,064,191	270,712	--	201,055
Finance and insurance.....	810	59,210,537	44,434,023	799,495	24,527
Real estate and rental and leasing.....	17	11,853	--	--	--
Professional, scientific, and technical services.....	586	906,403	170,998	2,868	--
Management of companies and enterprises.....	130	521,219	43,478	--	2,397
Administrative and support and waste management and remediation services.....	73	3,378,034	95,328	3,205,342	--
Health care and social assistance.....	34	83,600	83,600	--	--
Arts, entertainment, and recreation.....	**	**	**	**	**
Accommodation and food services.....	109	161,187	46,209	--	2,488
Other services (except public administration).....	**	**	**	**	**

Footnotes at end of table.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 1.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation--Continued**

[Money amounts are in thousands of dollars]

Industrial sector	Transactions between foreign-owned domestic corporations and related foreign persons--continued				
	Amounts received from related foreign persons--continued				
	Sales, leases, and licenses of intangible property rights	Consideration for technical, managerial, or like services	Commissions	Interest	Premiums for insurance or reinsurance
	(11)	(12)	(13)	(14)	(15)
<b>All industries.....</b>	<b>2,059,716</b>	<b>12,183,421</b>	<b>5,711,384</b>	<b>4,231,633</b>	<b>1,398,520</b>
Agriculture, forestry, fishing, and hunting.....	**	**	**	**	**
Mining.....	2,031	538,685	902	42,364	--
Utilities.....	--	5,790	--	12,796	--
Construction.....	2,999	137,738	12,337	11,603	--
Manufacturing.....	1,322,691	6,240,490	145,908	1,492,386	17,936
Wholesale trade.....	308,195	2,688,795	392,773	524,334	8,719
Retail trade.....	544	125,392	37	9,247	--
Transportation and warehousing.....	49,361	232,848	2,198,203	2,180	--
Information.....	337,805	885,373	9,051	118,233	180
Finance and insurance.....	559	652,123	2,898,475	1,650,151	1,371,541
Real estate and rental and leasing.....	--	3,300	32	8,521	--
Professional, scientific, and technical services.....	1,458	519,951	2,326	96,882	144
Management of companies and enterprises.....	--	55,697	42,832	225,719	--
Administrative and support and waste management and remediation services.....	--	47,545	4,492	19,922	--
Health care and social assistance.....	--	--	--	--	--
Arts, entertainment, and recreation.....	**	**	**	**	**
Accommodation and food services.....	34,076	49,693	470	17,295	--
Other services (except public administration).....	**	**	**	**	**
Industrial sector	Transactions between foreign-owned domestic corporations and related foreign persons--continued				
	Amounts received from related foreign persons--continued				
	Other	Amounts borrowed		Amounts paid to related foreign persons	
		Beginning balance	Ending balance	Total (excluding loan balances)	Purchases of stock in trade
	(16)	(17)	(18)	(19)	(20)
<b>All industries.....</b>	<b>20,893,221</b>	<b>443,786,171</b>	<b>498,848,454</b>	<b>353,585,732</b>	<b>278,158,928</b>
Agriculture, forestry, fishing, and hunting.....	**	**	**	**	**
Mining.....	278,485	7,338,618	8,819,445	3,701,189	2,460,886
Utilities.....	61,325	7,400,078	6,390,614	1,249,669	31,076
Construction.....	260,227	1,316,594	1,884,641	1,478,177	461,687
Manufacturing.....	4,767,190	113,773,991	137,046,150	123,454,900	97,879,926
Wholesale trade.....	4,525,671	26,374,684	31,366,675	158,338,658	149,218,730
Retail trade.....	139,341	10,899,466	15,099,163	2,959,747	1,173,699
Transportation and warehousing.....	1,960,312	7,964,574	7,858,743	2,972,608	4,490
Information.....	1,241,781	54,684,749	57,150,869	6,857,282	2,699,593
Finance and insurance.....	7,379,644	160,883,020	172,676,263	45,691,941	22,326,200
Real estate and rental and leasing.....	--	6,368,683	7,469,720	370,339	--
Professional, scientific, and technical services.....	111,777	7,907,161	6,116,584	3,592,614	1,585,282
Management of companies and enterprises.....	151,096	22,250,983	29,359,397	1,173,619	192,561
Administrative and support and waste management and remediation services.....	5,404	8,360,855	10,142,018	848,505	13,896
Health care and social assistance.....	--	1,295,927	957,965	243,231	81,214
Arts, entertainment, and recreation.....	**	**	**	**	**
Accommodation and food services.....	10,956	6,351,379	5,877,848	543,359	--
Other services (except public administration).....	**	**	**	**	**

Footnotes at end of table.



# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 1.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation--Continued**

[Money amounts are in thousands of dollars]

Industrial sector	Transactions between foreign-owned domestic corporations and related foreign persons--continued				
	Amounts paid to related foreign persons--continued				
	Purchases of tangible property other than stock in trade	Rents and royalties	Purchases, leases, and licenses of intangible property rights	Consideration for technical, managerial, or like services	Commissions
	(21)	(22)	(23)	(24)	(25)
<b>All industries.....</b>	<b>2,423,142</b>	<b>6,790,906</b>	<b>2,984,581</b>	<b>7,348,632</b>	<b>2,281,961</b>
Agriculture, forestry, fishing, and hunting.....	**	**	**	**	**
Mining.....	37,704	330,780	--	231,758	1,850
Utilities.....	--	--	--	51,899	--
Construction.....	121,869	8,533	42,794	248,504	642
Manufacturing.....	1,298,512	4,129,469	1,644,875	3,576,979	111,213
Wholesale trade.....	891,752	1,886,565	243,893	884,976	162,996
Retail trade.....	1,117	37,046	153,698	40,116	94,262
Transportation and warehousing.....	14,155	86,914	8,510	308,936	1,543,577
Information.....	42,912	178,277	210,573	304,681	82,194
Finance and insurance.....	61	21,965	40,637	713,492	209,563
Real estate and rental and leasing.....	--	--	--	6,589	--
Professional, scientific, and technical services.....	7,839	6,162	555,675	694,873	43,410
Management of companies and enterprises.....	--	497	--	34,039	7,099
Administrative and support and waste management and remediation services.....	7,221	81,764	67,222	13,443	25,156
Health care and social assistance.....	--	--	--	--	--
Arts, entertainment, and recreation.....	**	**	**	**	**
Accommodation and food services.....	--	22,935	16,704	237,212	--
Other services (except public administration).....	**	**	**	**	**

Industrial sector	Transactions between foreign-owned domestic corporations and related foreign persons--continued				
	Amounts paid to related foreign persons--continued				
	Interest	Premiums for insurance or reinsurance	Other	Amount loaned	
				Beginning balance	Ending balance
	(26)	(27)	(28)	(29)	(30)
<b>All industries.....</b>	<b>24,581,098</b>	<b>13,997,800</b>	<b>15,018,683</b>	<b>144,750,738</b>	<b>189,091,050</b>
Agriculture, forestry, fishing, and hunting.....	**	**	**	**	**
Mining.....	377,220	14,334	246,657	901,162	776,797
Utilities.....	717,572	--	449,123	107,404	109
Construction.....	397,092	29,776	167,281	166,557	360,945
Manufacturing.....	9,377,413	226,618	5,209,895	52,605,390	60,850,162
Wholesale trade.....	1,393,469	18,592	3,637,685	4,128,124	7,642,104
Retail trade.....	1,142,222	160,415	157,170	936,603	213,773
Transportation and warehousing.....	189,330	114,046	702,650	1,608,652	1,864,043
Information.....	2,905,986	5,377	427,688	8,198,652	11,112,876
Finance and insurance.....	5,539,005	13,393,633	3,447,386	68,816,404	95,753,228
Real estate and rental and leasing.....	324,751	--	38,999	137,211	754,055
Professional, scientific, and technical services.....	672,903	5,678	20,793	1,444,139	2,107,125
Management of companies and enterprises.....	503,244	494	435,686	2,438,835	4,234,512
Administrative and support and waste management and remediation services.....	573,820	10,158	55,824	384,594	1,064,709
Health care and social assistance.....	152,787	9,229	--	1,721,007	1,586,762
Arts, entertainment, and recreation.....	**	**	**	**	**
Accommodation and food services.....	253,485	--	13,023	1,154,603	758,837
Other services (except public administration).....	**	**	**	**	**

\*\* In order to avoid disclosure of information for specific corporations, these data have been deleted. Data are included in appropriate totals.

NOTES: NAICS is the abbreviation for the North American Industry Classification System. Detail may not add to totals because of rounding.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 2.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by Selected Country of Residence of Related Foreign Person**

[Money amounts are in thousands of dollars]

Residence of related foreign person <sup>1</sup>	Number of related foreign persons	Transactions between foreign-owned domestic corporations and related foreign persons							
		Amounts received from related foreign persons							
		Total (excluding loan balances)	Sales of stock in trade	Sales of tangible property other than stock in trade	Rents and royalties	Sales, leases, and licenses of intangible property rights	Consideration for technical, managerial, or like services	Commissions	Interest
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All geographic areas, total.....</b>	<b>14,515</b>	<b>166,722,849</b>	<b>110,256,958</b>	<b>8,172,296</b>	<b>1,815,700</b>	<b>2,059,716</b>	<b>12,183,421</b>	<b>5,711,384</b>	<b>4,231,633</b>
<b>Canada.....</b>	<b>759</b>	<b>16,189,659</b>	<b>12,779,266</b>	<b>120,836</b>	<b>167,006</b>	<b>67,794</b>	<b>688,223</b>	<b>80,545</b>	<b>206,915</b>
<b>Latin America, total.....</b>	<b>1,956</b>	<b>7,867,364</b>	<b>6,161,171</b>	<b>84,092</b>	<b>58,736</b>	<b>34,935</b>	<b>901,566</b>	<b>44,573</b>	<b>273,861</b>
Argentina.....	188	128,221	88,790	735	1,970	1,019	5,988	423	17,821
Brazil.....	382	1,652,617	1,558,008	10,337	2,467	4,226	45,484	1,130	18,688
Mexico.....	470	3,708,301	3,029,853	21,405	31,688	25,076	338,049	32,135	61,584
Panama.....	99	830,479	606,085	36,870	3,974	445	81,238	65	50,682
Venezuela.....	116	244,499	151,937	5,085	3,057	214	13,856	1,562	41,378
<b>Other Western Hemisphere, total.....</b>	<b>257</b>	<b>4,306,827</b>	<b>284,286</b>	<b>764,340</b>	<b>2,809</b>	<b>435</b>	<b>159,109</b>	<b>619,692</b>	<b>239,228</b>
Bermuda.....	142	3,514,088	65,009	733,309	106	--	66,082	619,626	157,960
<b>Europe, total.....</b>	<b>7,195</b>	<b>102,657,815</b>	<b>62,835,038</b>	<b>6,176,063</b>	<b>1,438,886</b>	<b>1,821,664</b>	<b>8,104,447</b>	<b>3,411,134</b>	<b>3,041,490</b>
Belgium.....	275	4,805,539	689,572	1,613,040	125,832	5,747	56,382	10,322	61,898
Finland.....	160	940,240	133,213	731	71	3,118	790,459	4,323	417
France.....	888	3,484,437	1,616,481	17,083	66,853	18,297	357,467	469,705	121,958
Germany.....	1,031	10,548,784	6,888,994	86,424	229,902	41,830	1,092,344	296,050	61,450
Ireland.....	201	2,075,283	201,993	515	72,687	39,085	417,484	6,386	27,151
Italy.....	310	619,226	533,630	2,085	2,690	19,339	22,530	1,334	2,011
Netherlands.....	680	5,318,676	1,967,025	5,559	14,896	313,592	691,847	11,931	384,041
Sweden.....	368	2,357,584	540,296	504	12,683	37,913	1,331,271	6,599	15,020
Switzerland.....	425	13,540,826	2,732,872	3,252,624	390,918	1,123,020	1,291,522	1,377,400	555,366
United Kingdom.....	1,443	54,684,714	46,671,889	1,046,013	228,168	208,025	1,947,905	191,161	1,735,177
<b>Africa, total.....</b>	<b>271</b>	<b>104,495</b>	<b>75,924</b>	<b>1,235</b>	<b>3,993</b>	<b>1,070</b>	<b>13,485</b>	<b>890</b>	<b>178</b>
South Africa.....	145	79,873	61,826	337	3,991	975	8,432	505	178
<b>Asia, total.....</b>	<b>3,435</b>	<b>34,194,096</b>	<b>26,995,089</b>	<b>1,016,161</b>	<b>143,301</b>	<b>116,408</b>	<b>2,171,924</b>	<b>1,548,389</b>	<b>454,753</b>
China.....	329	173,277	144,276	5,633	1,997	1,570	11,304	1,927	236
Hong Kong.....	345	3,959,215	3,834,290	1,178	426	13,095	23,163	26,524	35,745
Indonesia.....	113	142,135	100,405	11,799	9,383	1,393	10,601	67	--
Japan.....	875	20,121,107	16,250,439	47,067	67,457	76,136	1,439,733	308,111	405,245
Middle East countries (except OPEC).....	91	264,867	27,378	361	228	822	200,570	185	108
OPEC countries (excluding Indonesia).....	111	515,453	198,018	18,554	50,953	1,838	214,889	5,413	1,803
Singapore.....	422	5,850,626	4,482,449	37,580	2,677	4,725	96,270	1,171,258	1,010
South Korea.....	208	1,992,843	875,934	885,156	3,653	7,944	157,723	25,854	10,546
Taiwan.....	222	411,550	389,776	4	169	5,173	2,587	6,852	37
<b>Oceania, total.....</b>	<b>571</b>	<b>913,653</b>	<b>757,814</b>	<b>8,248</b>	<b>927</b>	<b>17,409</b>	<b>44,817</b>	<b>6,140</b>	<b>8,200</b>
Australia.....	425	874,002	733,550	3,577	851	12,654	42,333	5,836	8,200
<b>Puerto Rico and U.S. Possessions.....</b>	<b>71</b>	<b>488,941</b>	<b>368,371</b>	<b>1,320</b>	<b>42</b>	<b>--</b>	<b>99,850</b>	<b>21</b>	<b>7,009</b>

Footnotes at the end of table.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 2.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by Selected Country of Residence of Related Foreign Person--Continued**

[Money amounts are in thousands of dollars]

Residence of related foreign person <sup>1</sup>	Transactions between foreign-owned domestic corporations and related foreign persons--continued							
	Amounts received from related foreign persons--continued				Amounts paid to related foreign persons			
	Premiums for insurance or reinsurance	Other	Amounts borrowed		Total (excluding loan balances)	Purchases of stock in trade	Purchases of tangible property other than stock in trade	Rents and royalties
			Beginning balance	Ending balance				
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>All geographic areas, total.....</b>	<b>1,398,520</b>	<b>20,893,221</b>	<b>443,786,171</b>	<b>498,848,454</b>	<b>353,585,732</b>	<b>278,158,928</b>	<b>2,423,142</b>	<b>6,790,906</b>
<b>Canada.....</b>	<b>187,661</b>	<b>1,891,412</b>	<b>11,074,544</b>	<b>7,942,230</b>	<b>31,156,963</b>	<b>27,640,161</b>	<b>519,422</b>	<b>164,989</b>
<b>Latin America, total.....</b>	<b>83,494</b>	<b>224,937</b>	<b>12,748,713</b>	<b>11,189,434</b>	<b>16,333,547</b>	<b>14,770,320</b>	<b>14,004</b>	<b>318,289</b>
Argentina.....	4,282	7,194	74,502	58,056	841,424	831,491	--	--
Brazil.....	13	12,264	35,545	74,863	1,942,349	1,908,603	481	14
Mexico.....	60,140	108,371	410,826	1,687,867	6,142,834	5,815,991	4,087	4,013
Panama.....	4	51,115	2,332,488	1,283,904	36,150	18,963	9,092	42
Venezuela.....	3,564	23,847	40,114	40,389	3,412,450	3,348,441	--	--
<b>Other Western Hemisphere, total.....</b>	<b>131,553</b>	<b>2,105,375</b>	<b>3,691,258</b>	<b>3,819,860</b>	<b>4,781,391</b>	<b>954,186</b>	<b>42,084</b>	<b>39,970</b>
Bermuda.....	131,553	1,740,444	3,196,536	3,082,603	3,583,292	533,553	41,494	--
<b>Europe, total.....</b>	<b>940,973</b>	<b>14,888,120</b>	<b>404,858,625</b>	<b>461,896,561</b>	<b>139,602,869</b>	<b>83,979,642</b>	<b>653,926</b>	<b>2,550,865</b>
Belgium.....	157,071	2,085,674	900,546	6,003,455	3,508,164	881,180	9,339	21,587
Finland.....	400	7,508	2,853,656	1,571,357	3,426,874	3,269,821	71	18,964
France.....	62,475	754,117	43,792,214	36,146,905	7,899,038	4,134,315	39,129	518,727
Germany.....	45,221	1,806,569	20,326,238	21,838,387	31,336,040	24,231,646	71,175	392,111
Ireland.....	115,322	1,194,660	14,914,140	15,364,841	4,068,962	548,998	2,745	61,451
Italy.....	4,198	31,409	459,846	230,744	1,101,314	930,920	10,803	13,076
Netherlands.....	22,517	1,907,266	72,227,850	92,604,989	12,245,621	3,969,368	50,555	268,121
Sweden.....	2,669	410,628	4,306,110	4,116,293	3,770,023	2,672,213	5,363	209,739
Switzerland.....	398,765	2,418,339	34,160,936	85,167,031	22,089,844	7,735,903	313,742	517,254
United Kingdom.....	123,525	2,532,853	137,710,665	136,148,092	39,939,644	29,610,086	68,122	441,818
<b>Africa, total.....</b>	<b>2,002</b>	<b>5,719</b>	<b>330,345</b>	<b>337,297</b>	<b>133,755</b>	<b>81,001</b>	<b>892</b>	<b>--</b>
South Africa.....	2,002	1,628	330,000	336,101	93,461	80,586	16	--
<b>Asia, total.....</b>	<b>29,377</b>	<b>1,718,693</b>	<b>7,596,879</b>	<b>10,690,598</b>	<b>157,203,763</b>	<b>146,739,514</b>	<b>1,192,374</b>	<b>3,715,372</b>
China.....	--	6,333	331	9,601	1,171,198	1,133,971	625	1,042
Hong Kong.....	2,619	22,174	1,171,135	1,940,542	3,177,656	2,655,091	79,694	473
Indonesia.....	1,645	6,842	875	1,346	247,588	226,639	16,687	17
Japan.....	15,939	1,510,979	5,072,287	6,763,761	113,655,561	106,404,048	921,604	3,683,399
Middle East countries (except OPEC).....	12	35,204	611	2,754	833,125	719,081	3,253	--
OPEC countries (excluding Indonesia).....	--	23,984	2,230	3,583	5,858,999	5,656,379	98	--
Singapore.....	4,093	50,564	53,366	30,590	4,442,024	2,808,882	26,620	691
South Korea.....	26	26,006	1,208,713	1,673,361	20,500,807	19,993,962	123,121	29,692
Taiwan.....	998	5,955	81,709	221,597	5,353,505	5,296,146	7,434	--
<b>Oceania, total.....</b>	<b>18,458</b>	<b>51,639</b>	<b>3,356,310</b>	<b>2,713,677</b>	<b>1,769,543</b>	<b>1,481,699</b>	<b>440</b>	<b>1,420</b>
Australia.....	17,834	49,167	3,192,033	2,404,988	1,166,249	891,501	440	1,420
<b>Puerto Rico and U.S. Possessions.....</b>	<b>5,001</b>	<b>7,327</b>	<b>129,497</b>	<b>258,796</b>	<b>2,603,902</b>	<b>2,512,405</b>	<b>--</b>	<b>--</b>

Footnotes at the end of table.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 2.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by Selected Country of Residence of Related Foreign Person--Continued**

[Money amounts are in thousands of dollars]

Residence of related foreign person <sup>1</sup>	Transactions between foreign-owned domestic corporations and related foreign persons--continued							
	Amounts paid to related foreign persons--continued							Amounts loaned
	Purchases, leases, and licenses of intangible property rights	Consideration for technical, managerial, or like services	Commissions	Interest	Premiums for insurance or reinsurance	Other	Beginning balance	
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
<b>All geographic areas, total.....</b>	<b>2,984,581</b>	<b>7,348,632</b>	<b>2,281,961</b>	<b>24,581,098</b>	<b>13,997,800</b>	<b>15,018,683</b>	<b>144,750,738</b>	<b>189,091,050</b>
<b>Canada.....</b>	<b>3,145</b>	<b>1,130,578</b>	<b>35,127</b>	<b>499,268</b>	<b>210,967</b>	<b>953,306</b>	<b>23,411,271</b>	<b>16,696,942</b>
<b>Latin America, total.....</b>	<b>9,285</b>	<b>232,800</b>	<b>42,305</b>	<b>574,947</b>	<b>135,978</b>	<b>235,620</b>	<b>3,193,112</b>	<b>2,911,981</b>
Argentina.....	167	3,964	1,923	1,180	71	2,629	6,129	26,897
Brazil.....	157	10,459	10,628	3,129	--	8,877	300,599	248,403
Mexico.....	8,748	143,012	16,681	13,623	2,524	134,155	430,419	458,322
Panama.....	--	549	134	--	1	7,369	162,874	75,703
Venezuela.....	--	3,468	1,069	--	11	59,461	502,071	500,896
<b>Other Western Hemisphere, total.....</b>	<b>150,876</b>	<b>94,318</b>	<b>36,739</b>	<b>282,185</b>	<b>2,452,929</b>	<b>728,104</b>	<b>6,216,854</b>	<b>9,407,863</b>
Bermuda.....	--	7,594	8,351	128,149	2,263,544	600,607	4,785,607	7,769,710
<b>Europe, total.....</b>	<b>2,518,571</b>	<b>4,461,519</b>	<b>364,158</b>	<b>23,030,739</b>	<b>11,173,060</b>	<b>10,870,388</b>	<b>107,978,560</b>	<b>150,711,114</b>
Belgium.....	101,046	49,440	5,032	225,180	22,616	2,192,743	1,274,468	1,269,321
Finland.....	291	44,208	130	78,861	2,306	12,223	82,590	206,868
France.....	219,310	651,257	22,277	1,701,876	255,944	356,204	21,337,246	18,705,895
Germany.....	753,729	171,530	60,307	1,401,160	3,367,895	886,486	3,016,027	3,888,765
Ireland.....	7,130	52,634	1,453	676,243	2,071,283	647,025	998,276	1,339,254
Italy.....	1,248	71,826	7,544	7,296	5,496	53,106	25,475	322,615
Netherlands.....	75,272	712,584	43,717	3,732,106	46,769	3,347,128	7,213,204	9,051,930
Sweden.....	19,788	195,644	16,107	395,318	39,143	216,708	1,801,758	1,705,468
Switzerland.....	830,319	458,367	64,362	6,764,814	4,872,207	532,876	15,769,162	26,086,613
United Kingdom.....	500,185	1,685,346	130,390	4,720,146	469,741	2,313,809	53,728,220	83,943,164
<b>Africa, total.....</b>	<b>4</b>	<b>8,136</b>	<b>1,216</b>	<b>--</b>	<b>31</b>	<b>42,474</b>	<b>12,410</b>	<b>7,865</b>
South Africa.....	4	6,919	643	--	31	5,262	9,987	7,063
<b>Asia, total.....</b>	<b>302,478</b>	<b>1,283,195</b>	<b>1,746,468</b>	<b>133,928</b>	<b>17,460</b>	<b>2,072,974</b>	<b>3,775,858</b>	<b>7,283,552</b>
China.....	2	5,159	4,705	--	--	25,695	3,744	17,635
Hong Kong.....	7	72,265	105,445	8,201	159	256,320	560,264	368,622
Indonesia.....	--	1,923	1,294	--	--	1,029	10,143	20,157
Japan.....	265,466	547,114	83,448	111,386	7,368	1,631,728	2,796,251	6,444,681
Middle East countries (except OPEC).....	4	101,293	372	--	6,497	2,625	257	874
OPEC countries (excluding Indonesia).....	90	175,409	911	9,031	--	17,080	66,818	113,609
Singapore.....	3,008	63,731	1,505,490	268	3,436	29,899	139,190	122,747
South Korea.....	31,873	271,166	11,086	4,713	--	35,194	188,502	164,550
Taiwan.....	444	7,059	19,971	--	--	22,452	7,325	15,514
<b>Oceania, total.....</b>	<b>221</b>	<b>53,878</b>	<b>55,344</b>	<b>58,271</b>	<b>7,308</b>	<b>110,962</b>	<b>36,746</b>	<b>2,032,515</b>
Australia.....	205	53,501	54,404	51,723	7,308	105,748	32,026	2,025,011
<b>Puerto Rico and U.S. Possessions.....</b>	<b>--</b>	<b>84,208</b>	<b>606</b>	<b>1,760</b>	<b>68</b>	<b>4,855</b>	<b>125,927</b>	<b>39,218</b>

<sup>1</sup> Selected country data have been deleted to prevent disclosure of information for individual taxpayers. However, the data are included in the appropriate totals.

NOTES: OPEC is the abbreviation for the Organization of Petroleum Exporting Countries. Detail may not add to totals because of rounding.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 3.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation and Selected Country of Residence of Related Foreign Person**

[Money amounts are in thousands of dollars]

Selected NAICS industrial sector of domestic corporation and residence of related foreign person <sup>1</sup>	Number of returns	Number of related foreign persons	Transactions between foreign-owned domestic corporations and related foreign persons						
			Amounts received from related foreign persons						
			Total (excluding loan balances)	Sales of stock in trade	Sales of tangible property other than stock in trade	Rents and royalties	Sales, leases, and licenses of intangible property rights	Consideration for technical, managerial, or like services	Commissions
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All industries</b>									
<b>All geographic areas.....</b>	<b>737</b>	<b>14,515</b>	<b>166,722,849</b>	<b>110,256,958</b>	<b>8,172,296</b>	<b>1,815,700</b>	<b>2,059,716</b>	<b>12,183,421</b>	<b>5,711,384</b>
Australia.....	236	425	874,002	733,550	3,577	851	12,654	42,333	5,836
Belgium.....	152	275	4,805,539	689,572	1,613,040	125,832	5,747	56,382	10,322
Bermuda.....	60	142	3,514,088	65,009	733,309	106	--	66,082	619,626
Brazil.....	201	382	1,652,617	1,558,008	10,337	2,467	4,226	45,484	1,130
Canada.....	358	759	16,189,659	12,779,266	120,836	167,006	67,794	688,223	80,545
France.....	263	888	3,484,437	1,616,481	17,083	66,853	18,297	357,467	469,705
Germany.....	297	1,031	10,548,784	6,888,994	86,424	229,902	41,830	1,092,344	296,050
Hong Kong.....	201	345	3,959,215	3,834,290	1,178	426	13,095	23,163	26,524
Ireland.....	134	201	2,075,283	201,993	515	72,687	39,085	417,484	6,386
Japan.....	320	875	20,121,107	16,250,439	47,067	67,457	76,136	1,439,733	308,111
Mexico.....	225	470	3,708,301	3,029,853	21,405	31,688	25,076	338,049	32,135
Netherlands .....	234	680	5,318,676	1,967,025	5,559	14,896	313,592	691,847	11,931
Singapore.....	228	422	5,850,626	4,482,449	37,580	2,677	4,725	96,270	1,171,258
South Korea.....	130	208	1,992,843	875,934	885,156	3,653	7,944	157,723	25,854
Sweden.....	117	368	2,357,584	540,296	504	12,683	37,913	1,331,271	6,599
Switzerland.....	165	425	13,540,826	2,732,872	3,252,624	390,918	1,123,020	1,291,522	1,377,400
Taiwan.....	133	222	411,550	389,776	4	169	5,173	2,587	6,852
United Kingdom.....	396	1,443	54,684,714	46,671,889	1,046,013	228,168	208,025	1,947,905	191,161
<b>Agriculture, forestry, fishing, and hunting</b>									
<b>All geographic areas.....</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
<b>Mining</b>									
<b>All geographic areas.....</b>	<b>14</b>	<b>362</b>	<b>2,849,224</b>	<b>1,817,729</b>	<b>128,069</b>	<b>40,960</b>	<b>2,031</b>	<b>538,685</b>	<b>902</b>
Australia.....	8	14	10,220	2,801	135	45	--	1,506	--
Belgium.....	3	4	1,326	988	234	--	--	--	--
Bermuda.....	4	7	47,737	11,102	2,349	106	--	257	--
Brazil.....	5	16	1,090,140	1,085,187	3,150	2	--	128	--
Canada.....	7	26	85,673	3,240	7,283	4,664	--	52,179	902
France.....	5	17	88,982	49,999	4,435	9	--	9,795	--
Germany.....	3	7	42,165	35,696	2,514	6	--	2,426	--
Ireland.....	3	5	3,322	50	--	--	--	506	--
Japan.....	3	4	23,059	16,916	382	--	--	1,499	--
Mexico.....	3	9	38,579	15,874	9,085	541	--	4,628	--
Netherlands .....	3	11	32,977	220	--	--	--	21,198	--
Singapore.....	4	17	117,343	80,611	5,473	828	673	17,337	--
United Kingdom.....	6	33	198,443	148,958	5,036	59	1,358	14,584	--
<b>Utilities</b>									
<b>All geographic areas.....</b>	<b>7</b>	<b>20</b>	<b>97,288</b>	<b>17,377</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5,790</b>	<b>--</b>
Canada.....	3	7	91,498	17,377	--	--	--	--	--
United Kingdom.....	3	7	5,790	--	--	--	--	5,790	--

Footnotes at end of table.



# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 3.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation and Selected Country of Residence of Related Foreign Person**  
**--Continued**

[Money amounts are in thousands of dollars]

Selected NAICS industrial sector of domestic corporation and residence of related foreign person <sup>1</sup>	Number of returns	Number of related foreign persons	Transactions between foreign-owned domestic corporations and related foreign persons						
			Amounts received from related foreign persons						
			Total (excluding loan balances)	Sales of stock in trade	Sales of tangible property other than stock in trade	Rents and royalties	Sales, leases, and licenses of intangible property rights	Consideration for technical, managerial, or like services	Commissions
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Construction</b>									
<b>All geographic areas.....</b>	<b>17</b>	<b>461</b>	<b>1,402,020</b>	<b>205,591</b>	<b>771,462</b>	<b>64</b>	<b>2,999</b>	<b>137,738</b>	<b>12,337</b>
Australia.....	4	9	31,240	3,760	--	--	--	3,149	--
Brazil.....	3	5	9,061	7,583	--	--	1,003	185	--
Canada.....	5	14	65,443	57,074	1,100	10	--	6,288	8
France.....	5	14	3,744	3,588	91	--	--	7	--
Germany.....	8	31	16,948	8,470	67	--	325	7,838	22
Hong Kong.....	3	10	3,810	2,710	--	--	--	1,089	11
Japan.....	3	5	2,717	2,511	--	--	--	200	--
Netherlands.....	4	16	22,635	2,504	340	--	337	19,349	13
Singapore.....	6	9	7,407	6,208	--	--	--	1,135	2
Switzerland.....	3	50	151,423	4,421	--	--	275	47,003	--
United Kingdom.....	9	42	31,259	10,035	15,114	--	159	3,213	1
<b>Manufacturing</b>									
<b>All geographic areas.....</b>	<b>282</b>	<b>7,794</b>	<b>49,882,729</b>	<b>32,600,826</b>	<b>2,336,004</b>	<b>959,297</b>	<b>1,322,691</b>	<b>6,240,490</b>	<b>145,908</b>
Australia.....	107	218	391,975	359,688	413	223	415	23,591	160
Belgium.....	82	178	2,454,709	644,490	1,612,013	124,223	2,903	35,272	8,815
Bermuda.....	19	30	53,448	--	--	--	--	28,098	--
Brazil.....	115	245	424,009	400,157	7,110	2,279	498	8,950	--
Canada.....	170	392	8,742,091	7,607,719	100,031	72,954	55,840	458,016	47,508
France.....	131	520	1,254,865	914,101	12,419	21,041	5,400	185,673	7,614
Germany.....	147	588	7,147,223	6,193,625	81,360	95,203	19,477	275,578	6,315
Hong Kong.....	76	137	362,459	353,304	780	--	735	4,657	24
Ireland.....	59	101	542,186	180,651	23	72,686	38,410	195,029	366
Japan.....	140	336	2,721,132	1,939,697	37,006	16,799	1,437	374,894	21,601
Mexico.....	128	298	2,740,550	2,481,524	9,069	30,669	9,077	56,626	2,523
Netherlands.....	110	391	2,570,614	1,365,139	3,532	2,239	24,097	572,309	7,007
Singapore.....	99	211	771,768	708,785	32,020	317	106	23,427	1,910
South Korea.....	67	115	166,791	151,072	3,146	332	588	2,358	9
Sweden.....	74	256	1,912,382	412,847	504	7,269	32,245	1,164,460	3,682
Switzerland.....	80	217	5,393,061	2,068,577	46,922	254,697	1,065,553	777,609	11,534
Taiwan.....	62	119	312,067	306,106	1	169	2,260	380	445
United Kingdom.....	173	710	6,196,718	3,932,703	224,726	160,130	50,099	935,467	14,528
<b>Wholesale trade</b>									
<b>All geographic areas.....</b>	<b>189</b>	<b>2,879</b>	<b>40,009,229</b>	<b>30,391,360</b>	<b>907,340</b>	<b>262,042</b>	<b>308,195</b>	<b>2,688,795</b>	<b>392,773</b>
Australia.....	60	74	361,305	343,876	697	182	369	1,358	302
Belgium.....	32	44	1,877,213	37,997	793	1,482	--	2,612	138
Bermuda.....	8	14	168,943	11,833	--	--	--	290	--
Brazil.....	47	72	89,811	54,219	--	148	--	27,775	1,117
Canada.....	80	128	5,019,718	4,912,964	1,506	846	2,619	40,498	403
France.....	58	161	887,421	604,048	138	9,104	474	98,454	1,253
Germany.....	80	193	1,508,196	574,756	2,483	36,172	--	554,171	3,675
Hong Kong.....	69	108	724,932	710,822	42	426	267	2,182	4,100
Ireland.....	19	23	939,886	8,701	493	1	--	8,963	1,708
Japan.....	105	400	16,176,646	13,887,467	9,680	44,968	41,293	923,685	271,859
Mexico.....	53	102	813,814	514,916	3,251	402	58	267,467	21,012
Netherlands.....	50	93	1,173,202	597,588	1,687	11,933	243,692	74,595	813
Singapore.....	42	69	1,818,169	724,580	882,010	547	6,991	154,065	25,846
South Korea.....	72	114	3,660,554	3,631,677	87	917	857	16,032	6,222
Sweden.....	15	18	76,947	47,573	--	16	--	12,655	99
Switzerland.....	30	59	1,200,988	646,001	360	136,221	--	383,465	31,526
Taiwan.....	47	69	74,523	70,374	3	--	263	13	2,677
United Kingdom.....	90	208	1,365,114	1,203,000	1,219	9,635	9,728	30,498	4,948

Footnotes at end of table.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 3.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation and Selected Country of Residence of Related Foreign Person**  
**--Continued**

[Money amounts are in thousands of dollars]

Selected NAICS industrial sector of domestic corporation and residence of related foreign person <sup>1</sup>	Number of returns	Number of related foreign persons	Transactions between foreign-owned domestic corporations and related foreign persons						
			Amounts received from related foreign persons						
			Total (excluding loan balances)	Sales of stock in trade	Sales of tangible property other than stock in trade	Rents and royalties	Sales, leases, and licenses of intangible property rights	Consideration for technical, managerial, or like services	Commissions
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Retail trade</b>									
<b>All geographic areas.....</b>	<b>25</b>	<b>186</b>	<b>319,759</b>	<b>42,062</b>	<b>350</b>	<b>2,787</b>	<b>544</b>	<b>125,392</b>	<b>37</b>
Belgium.....	3	4	1,095	--	--	--	--	--	--
Brazil.....	4	6	6,314	6,314	--	--	--	--	--
Canada.....	6	9	18,345	3,702	270	--	444	13,929	--
France.....	3	23	9,897	2,724	--	--	--	--	37
Germany.....	5	8	9,713	3,589	--	2,787	100	775	--
Hong Kong.....	4	6	609	609	--	--	--	--	--
Ireland.....	4	4	10,654	--	--	--	--	10,654	--
Japan.....	4	7	28,483	18,489	--	--	--	9,994	--
Netherlands.....	6	17	2,059	25	--	--	--	252	--
Switzerland.....	7	18	3,104	100	--	--	--	3,004	--
United Kingdom.....	10	19	97,688	2,673	80	--	--	86,784	--
<b>Transportation and warehousing</b>									
<b>All geographic areas.....</b>	<b>15</b>	<b>250</b>	<b>4,810,151</b>	<b>25,798</b>	<b>21,366</b>	<b>320,083</b>	<b>49,361</b>	<b>232,848</b>	<b>2,198,203</b>
Australia.....	4	5	7,535	--	--	--	--	3,915	--
Belgium.....	4	4	284,812	--	--	--	--	2,208	--
Brazil.....	4	6	5,119	47	77	--	--	3,344	--
Canada.....	8	13	1,360,947	640	10,563	59,279	--	13,308	9,496
France.....	4	4	7,718	--	--	--	--	3,193	--
Germany.....	5	10	34,463	12,811	--	--	--	6,880	--
Hong Kong.....	6	7	30,497	9,106	--	--	--	11,398	4,341
Ireland.....	4	4	12,286	--	--	--	--	1,319	--
Japan.....	5	9	163,557	316	--	5,494	--	89,075	2,990
Mexico.....	6	7	13,133	226	--	--	9,907	2,468	--
Netherlands.....	6	7	48,226	--	--	--	39,454	1,121	--
Singapore.....	5	7	1,210,213	--	--	--	--	37,074	1,156,127
South Korea.....	3	3	4,066	--	--	--	--	930	--
Sweden.....	3	3	1,839	--	--	--	--	73	--
Taiwan.....	4	5	3,430	--	--	--	--	1,370	--
United Kingdom.....	9	25	247,759	2,396	--	--	--	14,613	--
<b>Information</b>									
<b>All geographic areas.....</b>	<b>29</b>	<b>780</b>	<b>3,064,191</b>	<b>270,712</b>	<b>--</b>	<b>201,055</b>	<b>337,805</b>	<b>885,373</b>	<b>9,051</b>
Australia.....	14	37	25,793	13,437	--	401	9,091	2,720	75
Belgium.....	6	12	4,473	6	--	127	2,298	2,034	--
Bermuda.....	4	12	42,074	42,074	--	--	--	--	--
Brazil.....	8	11	7,014	3,652	--	38	2,725	22	--
Canada.....	20	46	186,521	54,358	--	14,792	8,353	9,078	768
France.....	15	44	89,102	3,533	--	36,098	11,126	1,606	--
Germany.....	15	60	177,831	7,139	--	95,734	20,634	28,356	366
Hong Kong.....	11	23	10,949	814	--	--	9,560	29	--
Ireland.....	9	16	203,747	65	--	--	--	833	1
Japan.....	15	32	65,123	14,666	--	91	33,405	2,988	--
Mexico.....	9	14	14,785	4,571	--	76	6,035	2,646	--
Netherlands.....	17	48	466,933	718	--	725	3,855	1,946	--
Singapore.....	11	19	31,217	26,516	--	614	3,052	20	--
South Korea.....	9	11	3,421	283	--	2,774	365	--	--
Sweden.....	8	26	144,864	13	--	5,398	5,563	128,638	--
Switzerland.....	8	19	210,974	13,692	--	--	57,159	7,767	261
Taiwan.....	6	8	2,850	185	--	--	2,650	10	--
United Kingdom.....	20	122	1,255,014	66,306	--	44,100	127,225	695,919	7,417

Footnotes at end of table.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 3.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation and Selected Country of Residence of Related Foreign Person**  
**--Continued**

[Money amounts are in thousands of dollars]

Selected NAICS industrial sector of domestic corporation and residence of related foreign person <sup>1</sup>	Number of returns	Number of related foreign persons	Transactions between foreign-owned domestic corporations and related foreign persons						
			Amounts received from related foreign persons						
			Total (excluding loan balances)	Sales of stock in trade	Sales of tangible property other than stock in trade	Rents and royalties	Sales, leases, and licenses of intangible property rights	Consideration for technical, managerial, or like services	Commissions
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Finance and insurance</b>									
<b>All geographic areas.....</b>	<b>85</b>	<b>810</b>	<b>59,210,537</b>	<b>44,434,023</b>	<b>799,495</b>	<b>24,527</b>	<b>559</b>	<b>652,123</b>	<b>2,898,475</b>
Australia.....	20	33	27,795	--	--	--	--	4,351	4,058
Belgium.....	9	10	160,968	--	--	--	--	--	1,369
Bermuda.....	20	69	2,430,496	--	--	--	--	16,640	619,626
Brazil.....	4	4	2	--	--	--	--	--	2
Canada.....	32	63	409,238	5,155	--	11,650	538	36,793	7,777
France.....	22	48	1,062,263	--	--	--	--	32,686	460,403
Germany.....	18	34	1,327,969	--	--	--	--	1,575	283,459
Hong Kong.....	17	22	2,810,859	2,756,891	--	--	--	2,917	7,742
Ireland.....	19	25	144,791	--	--	--	--	3,570	4,312
Japan.....	26	47	770,010	346,225	--	--	--	10,582	7,169
Mexico.....	11	13	61,337	18	--	--	--	588	155
Netherlands.....	15	25	940,260	--	--	--	--	25	3,204
Singapore.....	17	23	49,314	28,150	--	--	--	460	6,980
Sweden.....	5	10	24,855	--	--	--	--	21,962	246
Switzerland.....	20	34	3,370,250	--	--	--	--	68,612	1,334,079
Taiwan.....	3	3	998	--	--	--	--	--	--
United Kingdom.....	41	142	44,785,045	41,286,631	799,495	12,877	--	94,433	149,229
<b>Real estate and rental and leasing</b>									
<b>All geographic areas.....</b>	<b>6</b>	<b>17</b>	<b>11,853</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>3,300</b>	<b>32</b>
<b>Professional, scientific, and technical services</b>									
<b>All geographic areas.....</b>	<b>23</b>	<b>586</b>	<b>906,403</b>	<b>170,998</b>	<b>2,868</b>	<b>--</b>	<b>1,458</b>	<b>519,951</b>	<b>2,326</b>
Australia.....	10	17	13,815	9,683	2,332	--	--	1,742	--
Belgium.....	7	9	2,663	1,705	--	--	--	908	--
Brazil.....	8	12	6,463	749	--	--	--	5,080	--
Canada.....	13	32	154,606	116,450	83	--	--	26,169	--
France.....	9	36	15,069	501	--	--	--	13,526	10
Germany.....	8	79	217,010	2,501	--	--	--	199,446	2,044
Hong Kong.....	8	13	765	9	--	--	--	755	--
Ireland.....	7	8	192,522	296	--	--	--	192,221	--
Japan.....	9	17	29,875	10,770	--	--	--	18,973	--
Mexico.....	6	16	6,006	1,339	--	--	--	3,565	--
Netherlands.....	11	32	1,287	832	--	--	--	343	--
Singapore.....	9	15	943	90	--	--	--	785	--
South Korea.....	3	3	392	--	--	--	--	369	--
Sweden.....	5	5	289	5	--	--	--	251	--
Switzerland.....	8	11	2,910	81	--	--	--	2,625	--
Taiwan.....	5	7	1,013	--	--	--	--	813	184
United Kingdom.....	13	75	213,537	5,192	342	--	1,430	30,976	5
<b>Management of companies and enterprises</b>									
<b>All geographic areas.....</b>	<b>15</b>	<b>130</b>	<b>521,219</b>	<b>43,478</b>	<b>--</b>	<b>2,397</b>	<b>--</b>	<b>55,697</b>	<b>42,832</b>
Australia.....	4	5	1,544	303	--	--	--	--	1,241
Canada.....	5	7	47,512	586	--	1,691	--	25,423	13,683
France.....	4	8	52,061	37,966	--	601	--	11,082	388
Ireland.....	4	4	303	--	--	--	--	228	--
Japan.....	5	10	117,615	1,639	--	105	--	4,314	--
Mexico.....	3	3	238	238	--	--	--	--	--
Switzerland.....	3	4	75	--	--	--	--	--	--
United Kingdom.....	8	24	199,246	--	--	--	--	1,131	14,531

Footnotes at end of table.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 3.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation and Selected Country of Residence of Related Foreign Person --Continued**

[Money amounts are in thousands of dollars]

Selected NAICS industrial sector of domestic corporation and residence of related foreign person <sup>1</sup>	Number of returns	Number of related foreign persons	Transactions between foreign-owned domestic corporations and related foreign persons						
			Amounts received from related foreign persons						
			Total (excluding loan balances)	Sales of stock in trade	Sales of tangible property other than stock in trade	Rents and royalties	Sales, leases, and licenses of intangible property rights	Consideration for technical, managerial, or like services	Commissions
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Administrative and support and waste management and remediation services</b>									
<b>All geographic areas.....</b>	<b>12</b>	<b>73</b>	<b>3,378,034</b>	<b>95,328</b>	<b>3,205,342</b>	--	--	<b>47,545</b>	<b>4,492</b>
Netherlands .....	5	10	3,585	--	--	--	--	--	--
United Kingdom.....	6	17	31,644	13,996	--	--	--	13,065	--
<b>Health care and social assistance</b>									
<b>All geographic areas.....</b>	<b>3</b>	<b>34</b>	<b>83,600</b>	<b>83,600</b>	--	--	--	--	--
<b>Arts, entertainment, and recreation</b>									
<b>All geographic areas.....</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
<b>Accommodation and food services</b>									
<b>All geographic areas.....</b>	<b>10</b>	<b>109</b>	<b>161,187</b>	<b>46,209</b>	--	<b>2,488</b>	<b>34,076</b>	<b>49,693</b>	<b>470</b>
France.....	3	9	13,294	--	--	--	1,297	1,445	--
United Kingdom.....	4	12	57,423	--	--	1,367	18,026	21,433	470
<b>Other services</b>									
<b>All geographic areas.....</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>

Footnotes at end of table.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 3.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation and Selected Country of Residence of Related Foreign Person**  
**--Continued**

[Money amounts are in thousands of dollars]

Selected NAICS industrial sector of domestic corporation and residence of related foreign person <sup>1</sup>	Transactions between foreign-owned domestic corporations and related foreign persons--continued								
	Amounts received from related foreign persons--continued					Amounts paid to related foreign persons			
	Interest	Premiums for insurance or reinsurance	Other	Amounts borrowed		Total (excluding loan balances)	Purchases of stock in trade	Purchases of tangible property other than stock in trade	Rents and royalties
				Beginning balance	Ending balance				
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
All industries									
All geographic areas.....	4,231,633	1,398,520	20,893,221	443,786,171	498,848,454	353,585,732	278,158,928	2,423,142	6,790,906
Australia.....	8,200	17,834	49,167	3,192,033	2,404,988	1,166,249	891,501	440	1,420
Belgium.....	61,898	157,071	2,085,674	900,546	6,003,455	3,508,164	881,180	9,339	21,587
Bermuda.....	157,960	131,553	1,740,444	3,196,536	3,082,603	3,583,292	533,553	41,494	--
Brazil.....	18,688	13	12,264	35,545	74,863	1,942,349	1,908,603	481	14
Canada.....	206,915	187,661	1,891,412	11,074,544	7,942,230	31,156,963	27,640,161	519,422	164,989
France.....	121,958	62,475	754,117	43,792,214	36,146,905	7,899,038	4,134,315	39,129	518,727
Germany.....	61,450	45,221	1,806,569	20,326,238	21,838,387	31,336,040	24,231,646	71,175	392,111
Hong Kong.....	35,745	2,619	22,174	1,171,135	1,940,542	3,177,656	2,655,091	79,694	473
Ireland.....	27,151	115,322	1,194,660	14,914,140	15,364,841	4,068,962	548,998	2,745	61,451
Japan.....	405,245	15,939	1,510,979	5,072,287	6,763,761	113,655,561	106,404,048	921,604	3,683,399
Mexico.....	61,584	60,140	108,371	410,826	1,687,867	6,142,834	5,815,991	4,087	4,013
Netherlands.....	384,041	22,517	1,907,266	72,227,850	92,604,989	12,245,621	3,969,368	50,555	268,121
Singapore.....	1,010	4,093	50,564	53,366	30,590	4,442,024	2,808,882	26,620	691
South Korea.....	10,546	26	26,006	1,208,713	1,673,361	20,500,807	19,993,962	123,121	29,692
Sweden.....	15,020	2,669	410,628	4,306,110	4,116,293	3,770,023	2,672,213	5,363	209,739
Switzerland.....	555,366	398,765	2,418,339	34,160,936	85,167,031	22,089,844	7,735,903	313,742	517,254
Taiwan.....	37	998	5,955	81,709	221,597	5,353,505	5,296,146	7,434	--
United Kingdom.....	1,735,177	123,525	2,532,853	137,710,665	136,148,092	39,939,644	29,610,086	68,122	441,818
Agriculture, forestry, fishing, and hunting									
All geographic areas.....	**	**	**	**	**	**	**	**	**
Mining									
All geographic areas.....	42,364	--	278,485	7,338,618	8,819,445	3,701,189	2,460,886	37,704	330,780
Australia.....	4,933	--	799	1	4,140	9,759	--	45	--
Belgium.....	--	--	105	--	--	862	--	--	--
Bermuda.....	--	--	33,924	--	700	12,507	--	--	--
Brazil.....	--	--	1,673	1,089	--	434,709	434,709	--	--
Canada.....	1,782	--	15,623	284,093	395,897	328,001	294,533	3,368	147
France.....	--	--	24,744	8,010	592	70,489	18,193	14,133	145
Germany.....	--	--	1,524	38,000	38,000	194	--	--	--
Ireland.....	--	--	2,766	--	13,701	15,071	--	--	13,701
Japan.....	--	--	4,262	--	--	54,580	6,575	7,526	731
Mexico.....	--	--	8,450	3,320	47,389	476	--	--	--
Netherlands.....	--	--	11,559	201	3	679	--	--	--
Singapore.....	--	--	12,420	83	131	15,434	12,296	1	40
United Kingdom.....	898	--	27,551	1,825,558	2,036,105	206,395	3,775	916	619
Utilities									
All geographic areas.....	12,796	--	61,325	7,400,078	6,390,614	1,249,669	31,076	--	--
Canada.....	12,796	--	61,325	777,079	587,275	575,899	31,076	--	--
United Kingdom.....	--	--	--	6,622,999	5,569,506	632,350	--	--	--

Footnotes at end of table



# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 3.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation and Selected Country of Residence of Related Foreign Person**  
**--Continued**

[Money amounts are in thousands of dollars]

Selected NAICS industrial sector of domestic corporation and residence of related foreign person <sup>1</sup>	Transactions between foreign-owned domestic corporations and related foreign persons--continued								
	Amounts received from related foreign persons--continued					Amounts paid to related foreign persons			
	Interest	Premiums for insurance or reinsurance	Other	Amounts borrowed		Total (excluding loan balances)	Purchases of stock in trade	Purchases of tangible property other than stock in trade	Rents and royalties
				Beginning balance	Ending balance				
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Construction									
All geographic areas.....	11,603	--	260,227	1,316,594	1,884,641	1,478,177	461,687	121,869	8,533
Australia.....	--	--	24,330	504,862	606,771	89,090	29	--	--
Brazil.....	--	--	290	--	--	438	266	--	--
Canada.....	123	--	841	8,835	46,455	30,987	25,667	--	39
France.....	--	--	58	--	--	26,829	7,164	2,021	5,000
Germany.....	--	--	226	25,554	23,901	61,822	47,497	--	--
Hong Kong.....	--	--	--	--	--	9	--	--	--
Japan.....	--	--	6	--	--	3,524	3,392	--	--
Netherlands .....	92	--	--	106,605	58,961	21,376	196	--	--
Singapore.....	--	--	62	--	--	2,486	77	--	--
Switzerland.....	7,153	--	92,571	194,000	844,000	537,321	99,011	1,730	3,494
United Kingdom.....	--	--	2,736	269,988	97,778	38,834	20,758	86	--
Manufacturing									
All geographic areas.....	1,492,386	17,936	4,767,190	113,773,991	137,046,150	123,454,900	97,879,926	1,298,512	4,129,469
Australia.....	560	79	6,845	314,716	244,172	206,268	164,358	395	1,075
Belgium.....	6,389	25	20,579	143,602	4,826,781	1,135,462	736,978	9,339	21,155
Bermuda.....	16,790	8,465	94	1,264,841	1,447,424	226,801	21	--	--
Brazil.....	1,021	4	3,990	12,212	3,286	1,000,793	984,050	138	--
Canada.....	84,280	5,192	310,552	1,633,401	2,161,044	21,039,418	19,628,821	504,336	112,857
France.....	7,295	350	100,972	13,267,105	13,318,491	4,470,077	2,601,659	15,116	404,585
Germany.....	21,723	154	453,789	1,108,790	3,387,685	8,169,536	7,137,850	68,688	380,573
Hong Kong.....	456	--	2,503	30,337	30,981	1,258,627	1,241,387	193	158
Ireland.....	11,606	139	43,276	5,055,209	4,548,428	929,458	418,245	2,745	31,189
Japan.....	6,986	420	322,292	262,588	1,101,432	26,474,260	23,186,002	544,148	2,265,964
Mexico.....	56,538	37	94,488	68,433	1,216,348	2,661,862	2,424,692	3,302	36
Netherlands .....	12,663	688	582,941	9,922,962	20,274,827	6,696,767	2,246,798	25,795	60,818
Singapore.....	282	64	4,857	1,443	3,312	870,807	798,370	19,558	426
South Korea.....	--	26	9,259	176,941	176,622	1,487,172	1,478,436	418	--
Sweden.....	8,059	20	283,297	3,624,370	3,610,598	3,112,333	2,283,440	5,346	177,968
Switzerland.....	533,849	77	634,244	9,418,510	29,455,510	10,104,510	5,824,084	9,499	216,458
Taiwan.....	26	--	2,680	319	123	384,372	372,637	7,165	--
United Kingdom.....	574,923	1,592	302,550	27,256,247	24,114,356	11,982,196	7,720,822	53,004	354,705
Wholesale trade									
All geographic areas.....	524,334	8,719	4,525,671	26,374,684	31,366,675	158,338,658	149,218,730	891,752	1,886,565
Australia.....	2,428	--	12,094	--	907,527	732,878	722,992	--	--
Belgium.....	52,509	--	1,781,683	636,163	65,830	1,895,276	120,690	--	--
Bermuda.....	6,716	--	150,104	--	20,387	544,339	533,532	--	--
Brazil.....	3,075	--	3,477	348	8,234	490,305	486,004	29	--
Canada.....	26,159	6	34,716	1,002,040	307,714	7,612,618	7,517,700	1,173	4,319
France.....	18,869	--	155,082	2,128,785	2,651,952	1,576,832	1,125,859	7,857	96,360
Germany.....	2,291	8,571	326,077	1,991,538	2,459,951	17,613,329	16,835,724	1,371	10,817
Hong Kong.....	1,067	--	6,026	2,930	4,336	1,499,685	1,398,069	37,298	4
Ireland.....	2,193	--	917,827	422,729	549,064	621,636	120,742	--	--
Japan.....	329,055	--	668,640	840,603	1,110,378	82,013,728	79,314,086	369,887	1,398,184
Mexico.....	4,322	--	2,387	14,091	208,276	3,400,666	3,372,874	--	338
Netherlands .....	3,969	--	238,924	5,385,892	5,779,723	2,278,559	1,718,236	24,760	120,847
Singapore.....	10,546	--	13,584	1,031,773	1,496,284	18,984,063	18,511,575	122,703	29,692
South Korea.....	721	--	4,041	47,437	17,422	1,889,839	1,875,895	7,061	--
Sweden.....	40	--	16,563	2,295	1,053	182,211	165,462	17	--
Switzerland.....	2,333	--	1,081	1,287,102	2,832,526	1,812,456	1,120,627	295,291	202,151
Taiwan.....	11	--	1,181	12,607	126,522	4,086,284	4,082,784	269	--
United Kingdom.....	25,812	--	80,274	5,651,631	6,091,785	1,145,609	772,663	3,388	4,940

Footnotes at end of table.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 3.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation and Selected Country of Residence of Related Foreign Person**  
**--Continued**

[Money amounts are in thousands of dollars]

Selected NAICS industrial sector of domestic corporation and residence of related foreign person <sup>1</sup>	Transactions between foreign-owned domestic corporations and related foreign persons--continued								
	Amounts received from related foreign persons--continued					Amounts paid to related foreign persons			
	Interest	Premiums for insurance or reinsurance	Other	Amounts borrowed		Total (excluding loan balances)	Purchases of stock in trade	Purchases of tangible property other than stock in trade	Rents and royalties
				Beginning balance	Ending balance				
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Retail trade									
All geographic areas.....	9,247	--	139,341	10,899,466	15,099,163	2,959,747	1,173,699	1,117	37,046
Belgium.....	1,095	--	--	--	--	114,636	--	--	--
Brazil.....	--	--	--	--	--	1,485	--	--	--
Canada.....	--	--	--	--	30,024	15,590	14,465	--	--
France.....	--	--	7,136	1,933,858	858,523	246,375	182,584	2	1,391
Germany.....	--	--	2,462	--	--	32,785	30,220	1,115	434
Hong Kong.....	--	--	--	180	389	43,460	12,913	--	--
Ireland.....	--	--	--	185,338	282,967	10,117	--	--	--
Japan.....	--	--	--	140,002	170,003	3,643	--	--	286
Netherlands .....	--	--	1,782	2,380,276	430,943	68,788	40	--	19,287
Switzerland.....	--	--	--	3,291,408	11,104,033	1,601,495	691,777	--	9,724
United Kingdom.....	8,152	--	--	1,849,259	1,412,141	111,261	17,170	--	--
Transportation and warehousing									
All geographic areas.....	2,180	--	1,960,312	7,964,574	7,858,743	2,972,608	4,490	14,155	86,914
Australia.....	--	--	3,620	--	--	5,558	--	--	--
Belgium.....	--	--	282,604	4,256	--	284,007	--	--	--
Brazil.....	--	--	1,652	--	834	2,318	--	--	--
Canada.....	--	--	1,267,661	157,501	840,338	220,960	878	10,511	46,218
France.....	--	--	4,525	--	--	9,856	4	--	--
Germany.....	--	--	14,773	555,147	592,398	81,002	330	--	--
Hong Kong.....	--	--	5,652	--	--	114,646	--	--	--
Ireland.....	--	--	10,967	2,755,398	2,755,398	11,734	--	--	--
Japan.....	--	--	65,682	3,294	152,586	20,563	--	--	--
Mexico.....	--	--	532	--	--	5,779	115	--	--
Netherlands .....	1,540	--	6,111	332,698	272,236	51,693	--	--	--
Singapore.....	--	--	17,012	--	--	1,512,822	--	--	--
South Korea.....	--	--	3,136	--	--	16,185	--	--	--
Sweden.....	--	--	1,766	--	--	2,108	--	--	--
Taiwan.....	--	--	2,060	--	--	20,028	--	--	--
United Kingdom.....	640	--	230,110	1,367,759	1,541,831	172,126	2,849	3,644	7,662
Information									
All geographic areas.....	118,233	180	1,241,781	54,684,749	57,150,869	6,857,282	2,699,593	42,912	178,277
Australia.....	--	16	52	20,190	4,300	56,324	2,450	--	178
Belgium.....	--	4	4	--	947,031	5,157	224	--	432
Bermuda.....	--	--	--	932,141	1,032,650	16,321	--	--	--
Brazil.....	--	9	569	38	500	1,082	554	315	14
Canada.....	1,866	--	97,306	299,613	433,201	268,655	107,830	3	1,409
France.....	--	2	36,737	14,613	156,337	250,111	129	--	4,717
Germany.....	19,649	6	5,947	4,100,075	2,785,022	519,201	4,133	--	69
Hong Kong.....	--	1	545	11,456	17,220	54,394	2,709	42,204	--
Ireland.....	--	1	202,848	10,865	30,871	113,161	501	--	--
Japan.....	29	--	13,944	616	74	2,449,987	2,285,650	44	17,023
Mexico.....	610	3	844	--	6	14,833	9,384	--	3,638
Netherlands .....	1,582	2	458,105	7,946,444	12,756,885	537,554	77	--	64,395
Singapore.....	--	( <sup>2</sup> )	1,014	54	34	8,561	3,786	--	225
South Korea.....	--	--	--	--	--	3,197	1,635	--	--
Sweden.....	5,079	3	170	145	42	120,044	76,203	--	31,771
Switzerland.....	--	1	132,095	9,411,629	9,026,149	714,235	--	--	1,675
Taiwan.....	--	--	6	3	3	222	203	--	--
United Kingdom.....	36,336	118	277,594	4,968,210	3,731,477	694,021	85,348	--	52,095

Footnotes at end of table.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 3.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation and Selected Country of Residence of Related Foreign Person**  
**--Continued**

[Money amounts are in thousands of dollars]

Selected NAICS industrial sector of domestic corporation and residence of related foreign person <sup>1</sup>	Transactions between foreign-owned domestic corporations and related foreign persons--continued								
	Amounts received from related foreign persons--continued					Amounts paid to related foreign persons			
	Interest	Premiums for insurance or reinsurance	Other	Amounts borrowed		Total (excluding loan balances)	Purchases of stock in trade	Purchases of tangible property other than stock in trade	Rents and royalties
				Beginning balance	Ending balance				
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Finance and insurance									
All geographic areas.....	1,650,151	1,371,541	7,379,644	160,883,020	172,676,263	45,691,941	22,326,200	61	21,965
Australia.....	278	17,739	1,369	2,350,954	610,644	47,022	--	--	167
Belgium.....	1,905	157,043	651	115,408	115,553	21,317	--	--	--
Bermuda.....	131,394	123,088	1,539,749	999,554	581,442	2,644,888	--	--	--
Brazil.....	--	--	--	--	79	3,721	1,280	--	--
Canada.....	78,169	182,464	86,692	6,453,363	2,786,707	953,969	--	--	--
France.....	92,888	61,979	414,307	25,384,387	17,982,467	913,698	--	--	--
Germany.....	9,788	36,489	996,658	8,177,203	9,317,640	3,868,530	--	--	--
Hong Kong.....	33,262	2,618	7,428	630,769	1,098,207	196,422	--	--	--
Ireland.....	4,831	115,182	16,896	894,650	853,739	2,094,067	--	--	--
Japan.....	61,255	15,519	329,261	2,217,315	3,440,086	2,111,348	1,258,916	--	--
Mexico.....	34	60,101	441	196,884	195,411	9,003	1,985	61	--
Netherlands .....	343,368	21,828	571,835	28,605,266	32,378,293	1,689,075	3,690	--	--
Singapore.....	1	4,029	9,695	4,349	9,254	112,545	104,902	--	--
Sweden.....	--	2,647	--	679,300	504,600	47,001	--	--	--
Switzerland.....	11,773	398,687	1,557,099	9,466,835	27,679,739	6,847,463	--	--	--
Taiwan.....	--	998	--	--	--	562	--	--	--
United Kingdom.....	796,987	121,815	1,523,579	71,506,543	72,538,309	23,647,220	20,922,272	--	21,798
Real estate and rental and leasing									
All geographic areas.....	8,521	--	--	6,368,683	7,469,720	370,339	--	--	--
Professional, scientific, and technical services									
All geographic areas.....	96,882	144	111,777	7,907,161	6,116,584	3,592,614	1,585,282	7,839	6,162
Australia.....	--	--	57	--	1,946	17,354	--	--	--
Belgium.....	--	--	49	--	--	8,576	7,106	--	--
Brazil.....	20	--	613	15	15	1,259	401	--	--
Canada.....	--	--	11,904	6,882	35,092	30,161	8,389	31	--
France.....	884	144	5	121,654	249,920	61,698	11,885	--	3,032
Germany.....	7,905	--	5,113	597,940	457,635	781,856	136,321	--	218
Hong Kong.....	--	--	1	--	--	2,133	--	--	--
Ireland.....	--	--	5	--	--	89	89	--	--
Japan.....	--	--	132	--	65,681	348,031	345,859	--	137
Mexico.....	38	--	1,064	--	--	3,913	6	724	--
Netherlands .....	2	--	109	1,649,771	1,632,312	169,043	330	--	2,775
Singapore.....	--	--	68	--	--	2,077	917	--	--
South Korea.....	--	--	23	--	--	111	--	--	--
Sweden.....	--	--	33	--	--	996	659	--	--
Switzerland.....	--	--	204	332	253	1,413	404	--	--
Taiwan.....	--	--	15	68,780	94,948	810,348	810,275	--	--
United Kingdom.....	87,271	--	88,321	4,835,081	3,175,460	653,555	47,062	7,084	--
Management of companies and enterprises									
All geographic areas.....	225,719	--	151,096	22,250,983	29,359,397	1,173,619	192,561	--	497
Australia.....	--	--	--	1,311	11,313	158	--	--	--
Canada.....	1,741	--	4,389	231,587	149,187	47,161	4,529	--	--
France.....	2,023	--	--	323,405	320,021	221,009	186,832	--	--
Ireland.....	--	--	75	650,000	950,000	11,724	--	--	--
Japan.....	4,797	--	106,759	1,607,868	723,523	163,676	--	--	186
Mexico.....	--	--	--	128,098	14,881	3,062	--	--	--
Switzerland.....	71	--	4	36,342	4,600	41	--	--	--
United Kingdom.....	183,447	--	137	5,244,961	9,467,369	159,070	--	--	--

Footnotes at end of table.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 3.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation and Selected Country of Residence of Related Foreign Person**  
**--Continued**

[Money amounts are in thousands of dollars]

Selected NAICS industrial sector of domestic corporation and residence of related foreign person <sup>1</sup>	Transactions between foreign-owned domestic corporations and related foreign persons--continued								
	Amounts received from related foreign persons--continued					Amounts paid to related foreign persons			
	Interest	Premiums for insurance or reinsurance	Other	Amounts borrowed		Total (excluding loan balances)	Purchases of stock in trade	Purchases of tangible property other than stock in trade	Rents and royalties
				Beginning balance	Ending balance				
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
<b>Administrative and support and waste management and remediation services</b>									
<b>All geographic areas.....</b>	<b>19,922</b>	<b>--</b>	<b>5,404</b>	<b>8,360,855</b>	<b>10,142,018</b>	<b>848,505</b>	<b>13,896</b>	<b>7,221</b>	<b>81,764</b>
Netherlands .....	3,450	--	135	1,507,733	1,068,701	105,106	--	--	--
United Kingdom.....	4,584	--	--	2,964,648	3,299,675	155,448	13,896	--	--
<b>Health care and social assistance</b>									
<b>All geographic areas.....</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,295,927</b>	<b>957,965</b>	<b>243,231</b>	<b>81,214</b>	<b>--</b>	<b>--</b>
<b>Arts, entertainment, and recreation</b>									
<b>All geographic areas.....</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
<b>Accommodation and food services</b>									
<b>All geographic areas.....</b>	<b>17,295</b>	<b>--</b>	<b>10,956</b>	<b>6,351,379</b>	<b>5,877,848</b>	<b>543,359</b>	<b>--</b>	<b>--</b>	<b>22,935</b>
France.....	--	--	10,552	310,772	309,000	32,853	--	--	3,496
United Kingdom.....	16,127	--	--	3,146,358	3,054,608	328,440	--	--	--
<b>Other services</b>									
<b>All geographic areas.....</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>

Footnotes at end of table.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 3.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation and Selected Country of Residence of Related Foreign Person**  
**--Continued**

[Money amounts are in thousands of dollars]

Selected NAICS industrial sector of domestic corporation and residence of related foreign person <sup>1</sup>	Transactions between foreign-owned domestic corporations and related foreign persons--continued								
	Amounts paid to related foreign persons--continued							Beginning balance	Ending balance
	Purchases, leases, and licenses of intangible property rights	Consideration for technical, managerial, or like services	Commissions	Interest	Premiums for insurance or reinsurance	Other			
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	
All industries									
All geographic areas.....	2,984,581	7,348,632	2,281,961	24,581,098	13,997,800	15,018,683	144,750,738	189,091,050	
Australia.....	205	53,501	54,404	51,723	7,308	105,748	32,026	2,025,011	
Belgium.....	101,046	49,440	5,032	225,180	22,616	2,192,743	1,274,468	1,269,321	
Bermuda.....	--	7,594	8,351	128,149	2,263,544	600,607	4,785,607	7,769,710	
Brazil.....	157	10,459	10,628	3,129	--	8,877	300,599	248,403	
Canada.....	3,145	1,130,578	35,127	499,268	210,967	953,306	23,411,271	16,696,942	
France.....	219,310	651,257	22,277	1,701,876	255,944	356,204	21,337,246	18,705,895	
Germany.....	753,729	171,530	60,307	1,401,160	3,367,895	886,486	3,016,027	3,888,765	
Hong Kong.....	7	72,265	105,445	8,201	159	256,320	560,264	368,622	
Ireland.....	7,130	52,634	1,453	676,243	2,071,283	647,025	998,276	1,339,254	
Japan.....	265,466	547,114	83,448	111,386	7,368	1,631,728	2,796,251	6,444,681	
Mexico.....	8,748	143,012	16,681	13,623	2,524	134,155	430,419	458,322	
Netherlands .....	75,272	712,584	43,717	3,732,106	46,769	3,347,128	7,213,204	9,051,930	
Singapore.....	3,008	63,731	1,505,490	268	3,436	29,899	139,190	122,747	
South Korea.....	31,873	271,166	11,086	4,713	--	35,194	188,502	164,550	
Sweden.....	19,788	195,644	16,107	395,318	39,143	216,708	1,801,758	1,705,468	
Switzerland.....	830,319	458,367	64,362	6,764,814	4,872,207	532,876	15,769,162	26,086,613	
Taiwan.....	444	7,059	19,971	--	--	22,452	7,325	15,514	
United Kingdom.....	500,185	1,685,346	130,390	4,720,146	469,741	2,313,809	53,728,220	83,943,164	
Agriculture, forestry, fishing, and hunting									
All geographic areas.....	**	**	**	**	**	**	**	**	
Mining									
All geographic areas.....	--	231,758	1,850	377,220	14,334	246,657	901,162	776,797	
Australia.....	--	8,244	26	--	638	806	629	1,147	
Belgium.....	--	199	--	--	--	663	--	--	
Bermuda.....	--	--	--	--	12,313	194	--	--	
Brazil.....	--	--	--	--	--	--	51	--	
Canada.....	--	13,513	1,810	4,728	--	9,902	172,812	14,337	
France.....	--	15,700	--	3,562	--	18,757	1,091	123,071	
Germany.....	--	8	--	--	--	186	--	--	
Ireland.....	--	--	--	--	--	1,370	4	--	
Japan.....	--	--	13	--	--	39,736	--	--	
Mexico.....	--	--	--	--	--	476	--	--	
Netherlands .....	--	180	--	--	--	499	106	461	
Singapore.....	--	2,151	--	--	2	944	115	155	
United Kingdom.....	--	50,987	--	81,265	279	68,553	1,956	346,159	
Utilities									
All geographic areas.....	--	51,899	--	717,572	--	449,123	107,404	109	
Canada.....	--	49,637	--	65,193	--	429,993	107,404	109	
United Kingdom.....	--	2,151	--	626,234	--	3,965	--	--	

Footnotes at end of table.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 3.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation and Selected Country of Residence of Related Foreign Person**  
**--Continued**

[Money amounts are in thousands of dollars]

Selected NAICS industrial sector of domestic corporation and residence of related foreign person <sup>1</sup>	Transactions between foreign-owned domestic corporations and related foreign persons--continued								
	Amounts paid to related foreign persons--continued							Beginning balance	Ending balance
	Purchases, leases, and licenses of intangible property rights	Consideration for technical, managerial, or like services	Commissions	Interest	Premiums for insurance or reinsurance	Other			
							Amounts loaned		
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	
Construction									
All geographic areas.....	42,794	248,504	642	397,092	29,776	167,281	166,557	360,945	
Australia.....	--	10,115	--	10,380	--	68,567	--	--	
Brazil.....	--	162	--	--	--	10	3,294	5,927	
Canada.....	--	4,987	--	178	--	116	1,481	--	
France.....	--	12,644	--	--	--	--	--	--	
Germany.....	--	11,970	94	528	--	1,734	30	1,200	
Hong Kong.....	--	9	--	--	--	--	38	--	
Japan.....	--	132	--	--	--	--	--	--	
Netherlands.....	2,734	13,663	--	4,782	--	1	28	28	
Singapore.....	--	2,409	--	--	--	--	2,012	2,501	
Switzerland.....	22,804	51,051	206	350,966	--	8,057	36,194	176,618	
United Kingdom.....	--	2,822	--	7,368	--	7,799	2,008	5,816	
Manufacturing									
All geographic areas.....	1,644,875	3,576,979	111,213	9,377,413	226,618	5,209,895	52,605,390	60,850,162	
Australia.....	61	5,459	1,060	5,277	2,893	25,689	1,776	48,292	
Belgium.....	100,747	31,834	3,863	223,658	1,965	5,922	40,621	175,488	
Bermuda.....	--	1,478	3,369	101,169	16,233	104,531	1,060,700	1,139,617	
Brazil.....	25	9,297	2,629	735	--	3,919	35,783	56,459	
Canada.....	1,171	449,633	10,330	94,060	6,395	231,816	3,300,836	3,337,397	
France.....	40,102	489,947	3,971	716,797	45	197,856	5,689,297	4,322,784	
Germany.....	202,303	50,896	7,282	183,608	10	138,325	467,121	725,958	
Hong Kong.....	6	6,205	7,291	4	--	3,383	11,581	9,953	
Ireland.....	7,129	49,892	1,003	371,965	5,713	41,577	351,614	843,037	
Japan.....	96,588	187,957	6,366	3,643	526	183,066	575,294	1,161,901	
Mexico.....	7,000	88,753	3,205	12,147	--	122,726	411,641	385,591	
Netherlands.....	58,430	436,754	17,328	1,057,853	171	2,792,821	695,155	552,679	
Singapore.....	451	36,112	3,484	--	2,839	9,567	40	1,880	
South Korea.....	17	2,910	1,350	2,993	--	1,048	--	461	
Sweden.....	1,944	159,191	798	280,447	1,518	201,683	17,983	32,471	
Switzerland.....	547,385	345,434	5,579	2,833,718	11,045	311,309	13,777,533	13,720,323	
Taiwan.....	444	1,629	514	--	--	1,983	4,874	14,588	
United Kingdom.....	426,041	950,052	24,275	1,703,885	162,393	587,019	24,091,759	31,283,622	
Wholesale trade									
All geographic areas.....	243,893	884,976	162,996	1,393,469	18,592	3,637,685	4,128,124	7,642,104	
Australia.....	--	915	616	4,158	86	4,111	2,823	1,809,106	
Belgium.....	--	274	27	9	--	1,774,276	880,937	725,650	
Bermuda.....	--	--	--	42	9,500	1,265	1,392	1,140	
Brazil.....	--	99	3,196	25	--	952	4,172	81,471	
Canada.....	248	57,049	5,387	4,854	--	21,888	541,865	634,285	
France.....	175,173	42,481	1,795	76,703	--	50,605	536,307	369,409	
Germany.....	1,094	33,225	6,187	171,443	609	552,858	320,761	704,047	
Hong Kong.....	--	965	51,173	42	--	12,133	4,252	20,912	
Ireland.....	--	1,973	23	19,838	--	479,060	90,766	100,000	
Japan.....	24,197	341,090	68,917	28,063	6,483	462,821	300,208	1,463,549	
Mexico.....	--	17,407	2,386	1,262	--	6,399	8,659	64,655	
Netherlands.....	5,493	30,174	105	342,826	2	36,115	343,919	315,687	
Singapore.....	30,414	264,354	2,452	1,720	--	21,153	187,838	163,129	
South Korea.....	--	4,082	1,186	210	--	1,404	124,596	102,341	
Sweden.....	--	3,403	13	--	108	13,209	1,134	2,766	
Switzerland.....	--	31,517	215	157,245	--	5,411	46,733	46,262	
Taiwan.....	--	1	1,109	--	--	2,122	1,445	641	
United Kingdom.....	7,275	35,128	5,079	245,958	3	71,175	564,361	861,244	

Footnotes at end of table.



# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 3.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation and Selected Country of Residence of Related Foreign Person**  
**--Continued**

[Money amounts are in thousands of dollars]

Selected NAICS industrial sector of domestic corporation and residence of related foreign person <sup>1</sup>	Transactions between foreign-owned domestic corporations and related foreign persons--continued							
	Amounts paid to related foreign persons--continued						Amounts loaned	
	Purchases, leases, and licenses of intangible property rights	Consideration for technical, managerial, or like services	Commissions	Interest	Premiums for insurance or reinsurance	Other	Beginning balance	Ending balance
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
<b>Retail trade</b>								
<b>All geographic areas.....</b>	<b>153,698</b>	<b>40,116</b>	<b>94,262</b>	<b>1,142,222</b>	<b>160,415</b>	<b>157,170</b>	<b>936,603</b>	<b>213,773</b>
Belgium.....	--	--	--	--	--	114,636	--	301
Brazil.....	--	--	1,485	--	--	( <sup>2</sup> )	5,822	50
Canada.....	47	259	--	813	--	6	1,351	171
France.....	--	5,550	--	41,961	--	14,885	9,175	709
Germany.....	--	755	--	--	--	261	3,419	892
Hong Kong.....	--	--	30,547	--	--	--	--	--
Ireland.....	--	--	--	10,117	--	--	--	--
Japan.....	--	30	--	2,569	--	758	9,605	10,151
Netherlands.....	--	7,772	--	21,068	1,051	19,570	50	125
Switzerland.....	153,629	612	9,406	736,347	--	--	265,851	197,422
United Kingdom.....	22	6,875	--	87,194	--	--	621,395	1,449
<b>Transportation and warehousing</b>								
<b>All geographic areas.....</b>	<b>8,510</b>	<b>308,936</b>	<b>1,543,577</b>	<b>189,330</b>	<b>114,046</b>	<b>702,650</b>	<b>1,608,652</b>	<b>1,864,043</b>
Australia.....	--	559	--	--	--	4,999	4	( <sup>2</sup> )
Belgium.....	--	1,969	--	--	--	282,037	--	--
Brazil.....	--	763	--	--	--	1,555	5,167	114
Canada.....	--	113,829	2,284	2,773	5,378	39,090	221,822	347,010
France.....	--	4,972	3	--	--	4,876	--	--
Germany.....	--	13,749	38,127	12,611	--	16,185	--	--
Hong Kong.....	--	51,750	454	--	--	62,442	--	--
Ireland.....	--	455	--	--	--	11,279	--	--
Japan.....	3,043	4,773	--	588	--	12,159	5,196	4,692
Mexico.....	--	1,118	2,933	--	--	1,614	2,092	1,462
Netherlands.....	--	4,206	--	41,445	--	6,043	75,149	2,587
Singapore.....	2,482	--	1,496,262	--	--	14,077	--	--
South Korea.....	--	3,650	--	--	--	12,535	--	--
Sweden.....	--	465	--	--	--	1,643	--	--
Taiwan.....	--	5,357	--	--	--	14,671	--	--
United Kingdom.....	2,984	35,941	--	90,371	534	28,141	1,298,961	678,790
<b>Information</b>								
<b>All geographic areas.....</b>	<b>210,573</b>	<b>304,681</b>	<b>82,194</b>	<b>2,905,986</b>	<b>5,377</b>	<b>427,688</b>	<b>8,198,652</b>	<b>11,112,876</b>
Australia.....	144	8,280	44,545	172	--	555	12,243	12,317
Belgium.....	167	4,174	161	--	--	--	115	1,022
Bermuda.....	--	--	--	15,721	600	--	2,301,978	2,430,224
Brazil.....	132	68	--	--	--	--	50	89
Canada.....	1,622	33,512	821	492	--	122,966	249,472	318,569
France.....	3,157	10,394	761	212,068	2,195	16,690	17,152	20,130
Germany.....	1,651	11,279	529	499,868	--	1,671	1,100,104	1,353,498
Hong Kong.....	1	8,007	657	--	--	818	29,451	2,406
Ireland.....	1	33	--	--	--	112,627	43,843	30,184
Japan.....	141,458	5,812	--	--	--	1	9,898	9,851
Mexico.....	1,748	62	--	--	--	--	4,694	4,774
Netherlands.....	1,556	15,172	23,398	415,296	2,540	15,120	2,478	5,454
Singapore.....	75	2,927	231	--	--	1,318	245	245
South Korea.....	1,442	109	10	--	--	--	641	920
Sweden.....	835	10,983	249	--	--	2	--	80
Switzerland.....	--	405	--	653,622	--	58,533	10,719	7,700
Taiwan.....	--	--	20	--	--	--	898	191
United Kingdom.....	53,780	184,996	9,522	213,890	33	94,357	4,015,044	6,242,152

Footnotes at end of table.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 3.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation and Selected Country of Residence of Related Foreign Person**  
**--Continued**

[Money amounts are in thousands of dollars]

Selected NAICS industrial sector of domestic corporation and residence of related foreign person <sup>1</sup>	Transactions between foreign-owned domestic corporations and related foreign persons--continued							
	Amounts paid to related foreign persons--continued						Amounts loaned	
	Purchases, leases, and licenses of intangible property rights	Consideration for technical, managerial, or like services	Commissions	Interest	Premiums for insurance or reinsurance	Other	Beginning balance	Ending balance
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
<b>Finance and insurance</b>								
<b>All geographic areas.....</b>	<b>40,637</b>	<b>713,492</b>	<b>209,563</b>	<b>5,539,005</b>	<b>13,393,633</b>	<b>3,447,386</b>	<b>68,816,404</b>	<b>95,753,228</b>
Australia.....	--	3,587	7,608	31,320	3,690	649	13,359	152,179
Belgium.....	--	380	243	--	20,651	43	352,797	353,033
Bermuda.....	--	215	4,983	11,216	2,215,669	412,806	1,421,537	4,198,729
Brazil.....	--	--	--	--	--	2,441	2,290	2,240
Canada.....	56	359,991	12,887	304,477	198,701	77,857	18,736,941	11,542,024
France.....	--	17,484	11,254	580,713	253,015	51,232	14,982,088	13,064,610
Germany.....	--	1	2,688	368,791	3,367,275	129,775	616,179	547,090
Hong Kong.....	--	4,692	13,306	749	159	177,516	374,298	181,667
Ireland.....	--	206	427	27,231	2,065,570	633	510,989	77,004
Japan.....	--	5,856	7,078	31,831	359	807,308	1,850,926	3,206,609
Mexico.....	--	--	4,220	214	2,524	--	1,210	1,154
Netherlands.....	--	171,877	1,708	1,332,554	43,005	136,240	5,813,065	7,601,300
Singapore.....	--	1,277	4,094	53	595	1,624	12,177	15,462
Sweden.....	--	--	177	38,944	7,881	--	3,530	11,330
Switzerland.....	40,581	4,540	48,570	1,745,597	4,861,162	147,014	1,616,118	11,938,286
Taiwan.....	--	--	170	--	--	392	--	--
United Kingdom.....	--	119,830	78,359	762,989	298,054	1,443,917	19,420,017	40,225,516
<b>Real estate and rental and leasing</b>								
<b>All geographic areas.....</b>	<b>--</b>	<b>6,589</b>	<b>--</b>	<b>324,751</b>	<b>--</b>	<b>38,999</b>	<b>137,211</b>	<b>754,055</b>
<b>Professional, scientific, and technical services</b>								
<b>All geographic areas.....</b>	<b>555,675</b>	<b>694,873</b>	<b>43,410</b>	<b>672,903</b>	<b>5,678</b>	<b>20,793</b>	<b>1,444,139</b>	<b>2,107,125</b>
Australia.....	--	16,342	541	98	--	372	164	138
Belgium.....	--	732	739	--	--	--	--	--
Brazil.....	--	70	788	--	--	--	763	30
Canada.....	--	15,323	967	--	--	5,451	10,944	8,619
France.....	--	38,242	4,493	2,953	689	404	50,078	2,706
Germany.....	548,681	46,647	5,400	38,072	1	6,517	478,492	550,492
Hong Kong.....	--	87	2,018	--	--	28	139	126
Ireland.....	--	--	--	--	--	--	276	331
Japan.....	180	1,063	790	--	--	2	1,880	21,902
Mexico.....	--	2,307	874	1	--	--	--	--
Netherlands.....	--	7,984	602	157,352	--	( <sup>2</sup> )	127	14,655
Singapore.....	--	714	233	--	--	213	--	--
South Korea.....	--	111	--	--	--	( <sup>2</sup> )	23	--
Sweden.....	--	337	--	--	--	( <sup>2</sup> )	--	--
Switzerland.....	--	602	386	--	--	21	--	--
Taiwan.....	--	73	--	--	--	( <sup>2</sup> )	105	94
United Kingdom.....	14	113,308	13,155	466,210	2,562	4,160	895,433	1,501,501
<b>Management of companies and enterprises</b>								
<b>All geographic areas.....</b>	<b>--</b>	<b>34,039</b>	<b>7,099</b>	<b>503,244</b>	<b>494</b>	<b>435,686</b>	<b>2,438,835</b>	<b>4,234,512</b>
Australia.....	--	--	8	150	--	--	--	22
Canada.....	--	29,990	641	7,372	494	4,136	58,588	164,308
France.....	--	2,312	--	31,859	--	6	3,116	802,475
Ireland.....	--	76	--	11,598	--	50	--	--
Japan.....	--	281	283	44,691	--	118,236	10,744	533,526
Mexico.....	--	--	3,062	--	--	--	--	--
Switzerland.....	--	--	--	41	--	--	16,014	3
United Kingdom.....	--	986	--	158,084	--	--	1,621,779	1,995,871

Footnotes at end of table.

# Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002

**Table 3.--Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and with Forms 5472: Transactions Between Corporations and Related Foreign Persons, by NAICS Industrial Sector of Domestic Corporation and Selected Country of Residence of Related Foreign Person**  
**--Continued**

[Money amounts are in thousands of dollars]

Selected NAICS industrial sector of domestic corporation and residence of related foreign person <sup>1</sup>	Transactions between foreign-owned domestic corporations and related foreign persons--continued								
	Amounts paid to related foreign persons--continued							Beginning balance	Ending balance
	Purchases, leases, and licenses of intangible property rights	Consideration for technical, managerial, or like services	Commissions	Interest	Premiums for insurance or reinsurance	Other			
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	
Administrative and support and waste management and remediation services									
All geographic areas.....	67,222	13,443	25,156	573,820	10,158	55,824	384,594	1,064,709	
Netherlands .....	--	--	--	76,156	--	28,951	41,008	114,230	
United Kingdom.....	1,302	5,278	--	124,391	5,883	4,698	86,635	98,490	
Health care and social assistance									
All geographic areas.....	--	--	--	152,787	9,229	--	1,721,007	1,586,762	
Arts, entertainment, and recreation									
All geographic areas.....	**	**	**	**	**	**	**	**	
Accommodation and food services									
All geographic areas.....	16,704	237,212	--	253,485	--	13,023	1,154,603	758,837	
France.....	878	11,531	--	16,055	--	893	--	--	
United Kingdom.....	8,766	176,992	--	142,682	--	--	1,107,445	702,273	
Other services									
All geographic areas.....	**	**	**	**	**	**	**	**	

\*\* In order to avoid disclosure of information for specific corporations, these data have been deleted. Data are included in appropriate totals.

<sup>1</sup> Selected country data have been deleted to prevent disclosure of information for individual taxpayers. However, the data are included in the appropriate totals.

<sup>2</sup> Less than \$500.

NOTES: NAICS is the abbreviation for the North American Industry Classification System. Detail may not add to totals because of rounding.

# Personal Wealth, 2001

by Barry W. Johnson and Brian G. Raub

**T**he distribution and composition of personal wealth in the United States are topics of great interest among researchers and policy planners. Unfortunately, these issues are difficult to research, since there are few sources of data on the wealth holdings of the general population, especially the very rich. Federal estate tax returns (Form 706) provide a unique source from which to study the nation's wealthiest individuals. The estate tax return contains a complete listing of a decedent's assets and debts, as well as a demographic profile of the decedent and information on the costs of administering the estate. A decedent's estate has up to 9 months to file an estate tax return, but use of a 6-month extension is common. It is, therefore, necessary to combine returns filed over a number of calendar years in order to capture data representative of all estate tax decedents dying in a single year.

The wealth of living individuals can be estimated from Federal estate tax return data using the estate multiplier technique. The fundamental assumption underlying this methodology is that estate tax returns filed for decedents who died in a particular year represent a random sample, designated by death, of the living population in that year. Estimates of the wealth holdings of the living population are derived by applying a multiplier, based on appropriate mortality rates, to this sample. (See the Appendix to this article for a more complete discussion of the estate multiplier technique.)

## Valuation Measures

These estimates apply to individual holdings of \$675,000 or more in gross estate, the Federal estate tax filing threshold in effect for 2001 U.S. decedents. *Gross estate* is a Federal estate tax concept of wealth that does not conform to usual definitions of wealth, primarily because it includes components that are not traditionally considered part of a living individual's portfolio and because there are features of the tax code that allow certain real property to be specially valued when used in farming or running a

business. Therefore, three measures of wealth are used in this article: gross assets (or gross estate), total assets, and net worth.

*Gross assets* reflects the gross value of all assets owned by a decedent, including the full face value of life insurance, reduced by the value of any policy loans, but excluding any reduction for other indebtedness. This measure defines the individuals included in the top wealth holder group. *Total assets* is a lower wealth value but is still essentially a gross measure. It differs from gross assets in that the cash, or equity, value of life insurance (i.e., the value of insurance immediately before the policyholder's death) replaces the "at death" value of life insurance included in gross assets, and incorporates other adjustments to compensate for special valuation provisions in the tax code [1]. *Net worth* is total assets minus debts.

## Top Wealth Holders, 2001

In 2001, there were an estimated 7.4 million adults, age 18 and older, with gross assets of \$675,000 or more (see Table 1). Combined, they owned almost \$15.2 trillion in total assets. After accounting for over \$1.3 trillion in debts and mortgages, this group had a total net worth of \$13.8 trillion. Although these top wealth holders represented only 3.5 percent of the U.S. adult population, they held an estimated 32.7 percent of the total U.S. net worth in 2001 [2, 3].

There were nearly 4.0 million male top wealth holders in 2001, representing 53.7 percent of the top wealth holder population. These men had a combined net worth of \$8.0 trillion, for an average net worth of nearly \$2.0 million (see Table 2). About 73,000 of these men had a net worth of \$10 million or more. A large majority, 66.4 percent, of male top wealth holders were married, while 16.3 percent were single and 8.7 percent were widowed (see Figure A). About 8.5 percent of wealthy males were divorced or separated.

There were over 3.4 million female top wealth holders, comprising 46.3 percent of the total. The combined net worth of these women was \$5.8 trillion, while their average net worth was \$1.71 million (see Table 3). About 50,000 female top wealth holders in 2001 had a net worth of \$10 million or more. In contrast to their male counterparts, less than half, 49.0 percent, of all female top wealth holders were married, while 26.0 percent were widowed, a much

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## Personal Wealth, 2001

**Figure A**

**Top Wealth Holders: Marital Status, by Sex, 2001**

Marital status	Males	Percentage	Females	Percentage
	(1)	(2)	(3)	(4)
<b>Total.....</b>	<b>3,953,728</b>	<b>100.0</b>	<b>3,403,522</b>	<b>100.0</b>
Married.....	2,627,212	66.4	1,668,808	49.0
Widowed.....	343,942	8.7	884,677	26.0
Single.....	645,570	16.3	487,786	14.3
Other <sup>1</sup> .....	337,004	8.5	362,251	10.6

<sup>1</sup> Includes individuals who were separated or divorced and those for whom marital status was not determinable.

NOTE: Detail may not add to totals because of rounding.

higher percentage than for men. About 14.3 percent of wealthy females were single, while 10.6 percent were divorced or separated.

While the average net worth of female wealth holders was more than 15 percent lower than that of males, averages can be very sensitive to outliers. When significant outliers exist, the median is often a better measure of the center of a distribution. The median net worth for male wealth holders was approximately \$978,000, while the median value for females was nearly the same at almost \$955,000. In fact, Figure B shows that the distribution of wealth

for male and female wealth holders is very similar for most points, except for those above the 95<sup>th</sup> percentile, where male net worth values dominate. It is these larger values that account for the much larger difference in the average net worth between the sexes. While not included in Figure B, it is interesting to note that the left tail of the net worth distribution for males dips much lower (larger negative values) for points below the 1<sup>st</sup> percentile than for females.

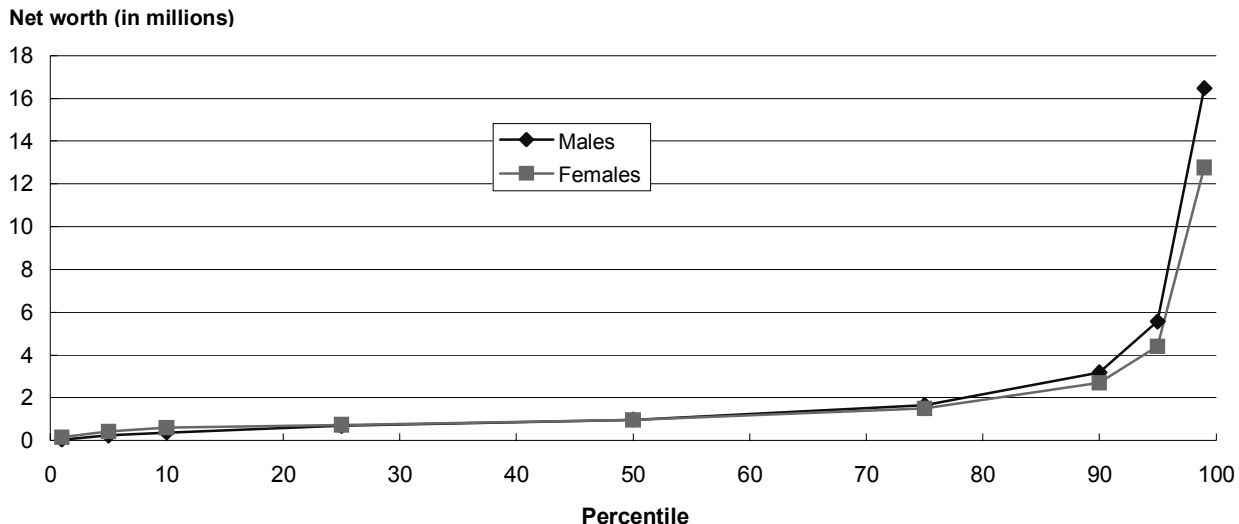
### Portfolio Composition

The portfolio composition of top wealth holders in 2001 varied substantially by gender and wealth. As shown in Figure C, men with less than \$1 million in net worth devoted the largest percentages of their portfolios to personal residences, 20.7 percent, and retirement assets, 18.3 percent [4]. Stock in publicly held corporations, other real estate, and cash holdings also represented significant portions of these individuals' portfolios.

For males with at least \$1 million but less than \$10 million in net worth, personal residences comprised a substantially smaller portion of their total portfolio, at 10.4 percent. Publicly traded stock comprised the single largest component, 19.7 percent, while retirement assets were the second largest component, 16.5

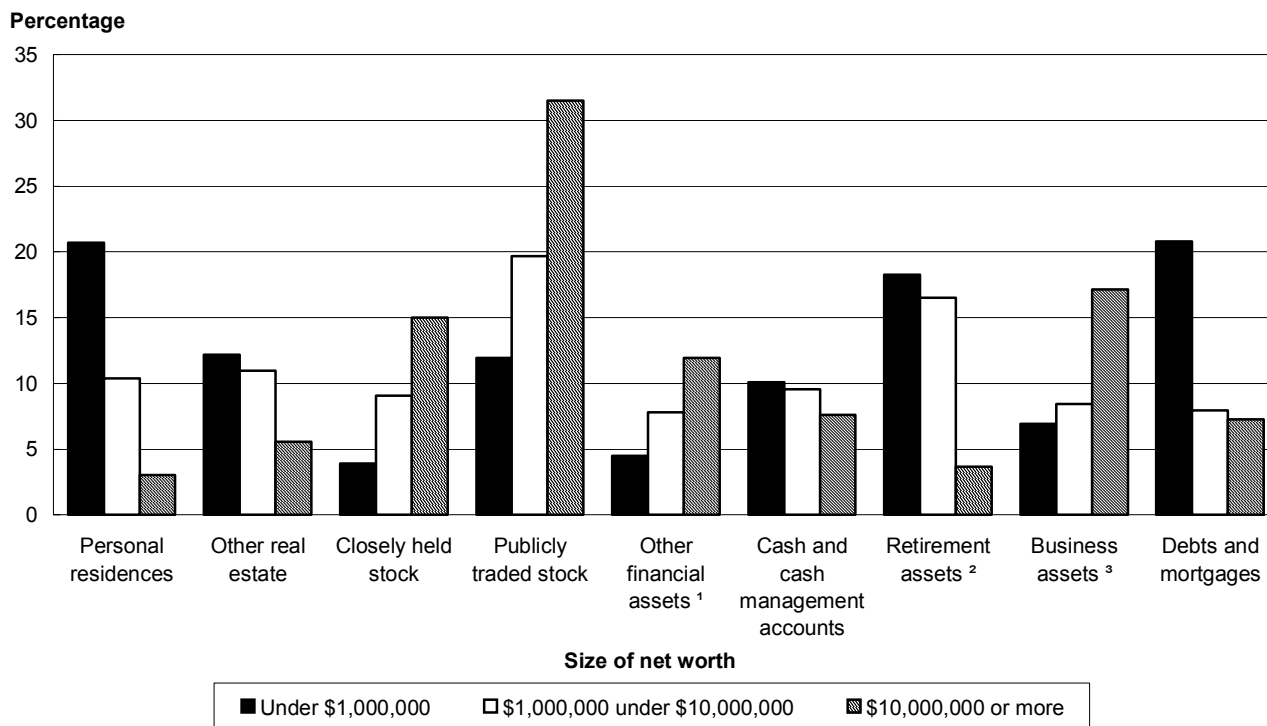
**Figure B**

**Top Wealth Holders, by Sex: Net Worth Distribution, 1st-99th Percentiles, 2001**



**Figure C**

## Male Top Wealth Holders: Selected Assets and Debts as a Percentage of Total Assets, by Size of Net Worth, 2001



<sup>1</sup> Includes all government bonds, corporate bonds, bonds issued by foreign governments, and diversified mutual funds.

<sup>2</sup> Includes individual retirement accounts, annuities, and self-employed retirement or Keogh plans.

<sup>3</sup> Includes noncorporate businesses, farms, and limited partnerships.

percent. The proportion of these individuals' portfolios comprised of stock in closely held companies [5] and other financial assets (such as government bonds, corporate bonds, and foreign bonds) was markedly higher than the corresponding proportion for men with less than \$1 million in net worth.

For the wealthiest males, those with net worth of \$10 million or more, financial assets were the dominant portfolio component. Holdings in the stock of publicly traded corporations, 31.5 percent, and closely held companies, 15.0 percent, combined for nearly one half of their portfolios. The wealthiest men also devoted a substantially larger proportion of their portfolios to business assets (including noncorporate businesses, farm assets, and limited partnerships), 17.2 percent, and other financial assets, 12.0 percent, than their peers in the lower wealth classes. In contrast, personal residences, 3.0 percent, and retire-

ment assets, 3.7 percent, represented only small components of their portfolios.

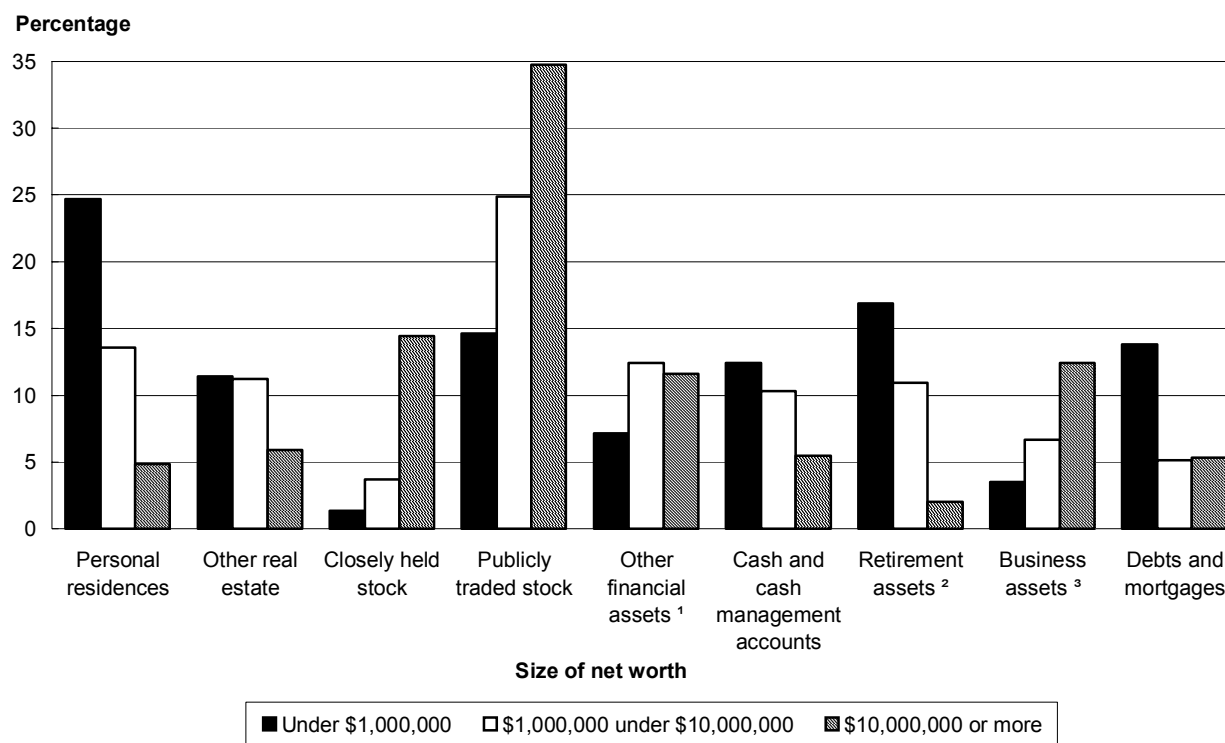
For female top wealth holders, the shift in portfolio composition as net worth increased followed a pattern similar to that for their male counterparts (see Figure D). However, there were several significant differences in the makeup of portfolios held by male and female top wealth holders. In each wealth class, women held larger proportions of their assets in personal residences and other real estate and smaller proportions in retirement and business assets than men.

The most notable difference between the asset mix of female and male top wealth holders was the importance of closely held stock in their respective portfolios. Closely held stock comprised only 1.3 percent of the portfolios of women with net worth of less than \$1 million, compared to nearly 3.9 percent for men in the same wealth class. Likewise, women



## Figure D

### Female Top Wealth Holders: Selected Assets and Debts as a Percentage of Total Assets, by Size of Net Worth, 2001



<sup>1</sup> Includes all government bonds, corporate bonds, bonds issued by foreign governments, and diversified mutual funds.

<sup>2</sup> Includes individual retirement accounts, annuities, and self-employed retirement or Keogh plans.

<sup>3</sup> Includes noncorporate businesses, farms, and limited partnerships.

with net worth of \$1 million but less than \$10 million held 3.7 percent of their assets in closely held stock, less than half the corresponding proportion for men in this group. This proportion shifted sharply upward, to 14.4 percent, for women with a net worth of \$10 million or more and nearly equals the 15.0 percent of their wealthiest male counterparts.

Male top wealth holders in all wealth classes had a higher ratio of debts and mortgages to total assets than their female peers. Women, in aggregate, had a debt ratio (debts divided by total assets) of 7.3 percent, while the comparable figure for men was 10.0 percent. Men with a net worth of less than \$1 million had by far the highest debt ratio, 20.8 percent.

## Age

The average age of male top wealth holders in 2001 was 55.7 years, 3.6 years younger than the average

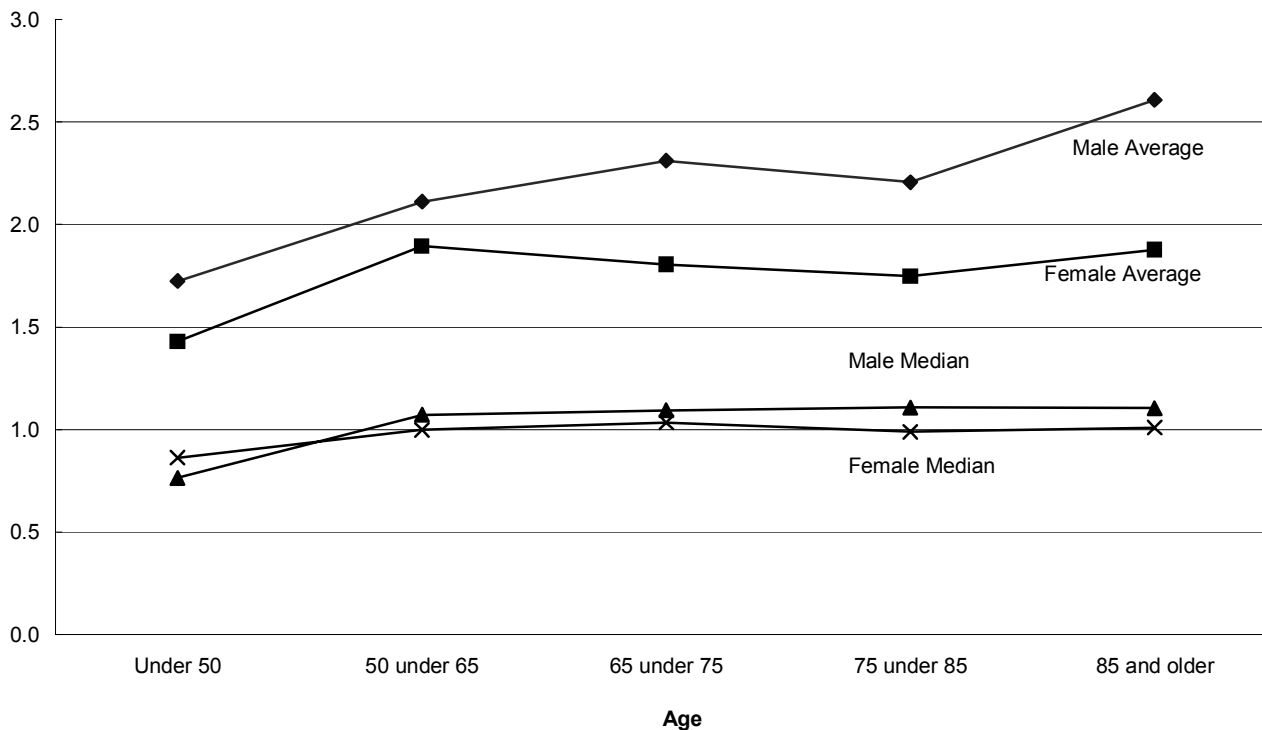
age of female top wealth holders. Figure E shows that the \$1.7 million average net worth of males under 50 was markedly lower than that for men in any other age group. For men between 50 and 85 years of age, average net worth remained relatively steady in a range between \$2.1 million and \$2.3 million. Males aged 85 and older were wealthier than men in any other age group, with an average net worth of \$2.6 million.

The average net worth of females under 50 was over \$1.4 million. Although the average for women aged 50 to 65 was significantly higher at \$1.9 million, as age increased beyond this point, there was only scant variation in average net worth. Women aged 75 to 85 actually had a lower average net worth, \$1.8 million, than their counterparts between age 50 and 75. Females 85 and older had an average net worth of about \$1.9 million, nearly identical to the average for those in the 50-under-65 age group.

**Figure E**

**All Top Wealth Holders: Average and Median Net Worth, by Sex and Age, 2001**

Millions of dollars



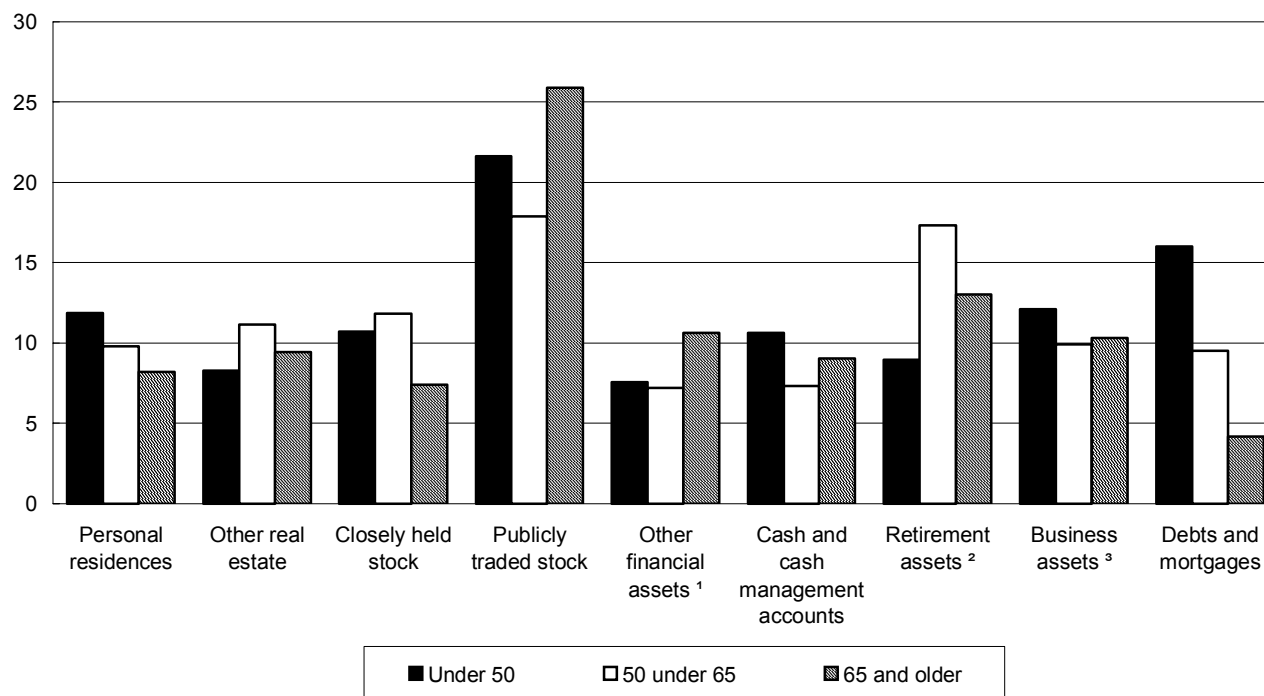
The median net worth of top wealth holders reveals a very different picture. For each age and sex combination, median net worth was substantially lower than average net worth. For both males and females, median wealth for those in the 50-under-65 age group increased significantly from the median for those under 50, but age had very little effect on the median net worth of wealthy individuals over 50. Although the average net worth of males was significantly higher than that of females in each age category, the median wealth of men and women was very similar regardless of age. These observations suggest that a limited number of high wealth males have a significant effect on the data. The effect is most striking for men aged 85 and older. While the median net worth of this group was virtually identical to that for the 75-under-85 age group, their average net worth was nearly one-fifth greater. Also interesting is the fact that women under age 50 had a higher median net worth than their male counterparts but a lower average net worth.

While median net worth did not vary greatly across age groups or gender, especially for those over age 50, the data suggest that both age and gender are important determinants of portfolio composition. As shown in Figure F, for males in all three age groups depicted, stock held in public companies was dominant but varied substantially in the share it contributed to total assets. For males under age 50, publicly traded stock comprised 21.6 percent of total assets. Business assets made up the second-largest share of the total for these relatively young men, 12.1 percent, followed by the value of the personal residence, 11.8 percent. For men in the 50-under-65 age bracket, retirement assets made up the second largest share of total assets, 17.3 percent, not surprising for a group approaching traditional retirement age. Publicly traded stock accounted for 17.9 percent of total assets for this group, lower than the corresponding proportion for men under age 50, while stock in closely held companies comprised 11.8 percent.

**Figure F**

**Male Top Wealth Holders: Selected Assets and Debts as a Percentage of Total Assets, by Age, 2001**

Percentage



<sup>1</sup> Includes all government bonds, corporate bonds, bonds issued by foreign governments, and diversified mutual funds.

<sup>2</sup> Includes individual retirement accounts, annuities, and self-employed retirement or Keogh plans.

<sup>3</sup> Includes noncorporate businesses, farms, and limited partnerships.

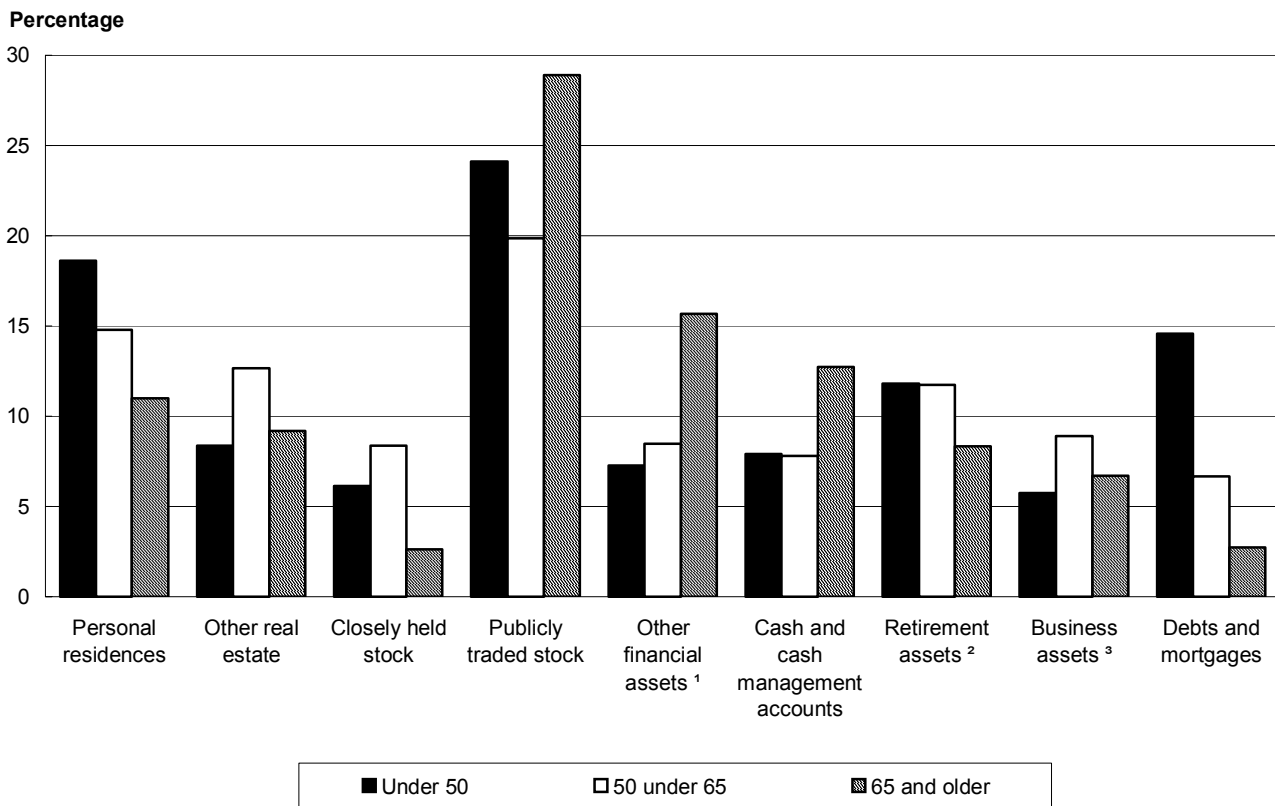
For males age 65 and older, publicly traded stock made up 25.9 percent of total assets. Men in this age group devoted the highest proportion of any age group to other financial assets, where tax-exempt bonds issued by State and local governments dominated. Closely held stock and personal residences accounted for the lowest proportion of total assets for this group, which may reflect both lifestyle changes expected for individuals in the post-retirement phase of life. About 68.3 percent of men aged 65 and older owned a personal residence compared to 75.4 percent of men younger than 65. A similar pattern can be seen for closely held stock, as 15.0 percent of men aged 65 and older owned these assets, significantly less than the 23.4 percent ownership rate of men younger than 65.

For wealthy females, publicly traded stock was also the dominant asset in each age bracket (see

Figure G). Women under 50 held 24.1 percent of their portfolios in such stocks, along with another 6.1 percent in the stock of closely held companies. The personal residence was the second largest asset component for women in this age group, 18.6 percent of total assets, followed by retirement assets. For women in the 50-under-65 age group, the personal residence was again the second largest portfolio component, with investment real estate making up a much larger share than in the portfolios held by younger women. The 50-under-65 age group also devoted the largest share of their portfolios to business assets and stock in closely held corporations among the groups depicted in Figure G. For women aged 65 and older, liquid assets, including publicly traded stock, cash accounts, and other financial assets, contribute substantially more to their portfolios than to the portfolios of women in the younger age

## Figure G

### Female Top Wealth Holders: Selected Assets and Debts as a Percentage of Total Assets, by Age, 2001



<sup>1</sup> Includes all government bonds, corporate bonds, bonds issued by foreign governments and diversified mutual funds.

<sup>2</sup> Includes individual retirement accounts, annuities, and self-employed retirement or Keogh plans.

<sup>3</sup> Includes non-corporate businesses, farms, and limited partnerships.

groups. In contrast, the personal residence comprised only 11.0 percent of the portfolios held by women aged 65 or older, while retirement assets accounted for only 8.3 percent for women in this oldest age bracket.

For all top wealth holders, the debt ratio decreased steadily with age (see Figure H), declining from 15.5 percent for wealthy individuals under age 50 to 1.7 percent for their counterparts age 85 and older. In each age category, women had a lower debt ratio than men, although these differences may not be statistically significant.

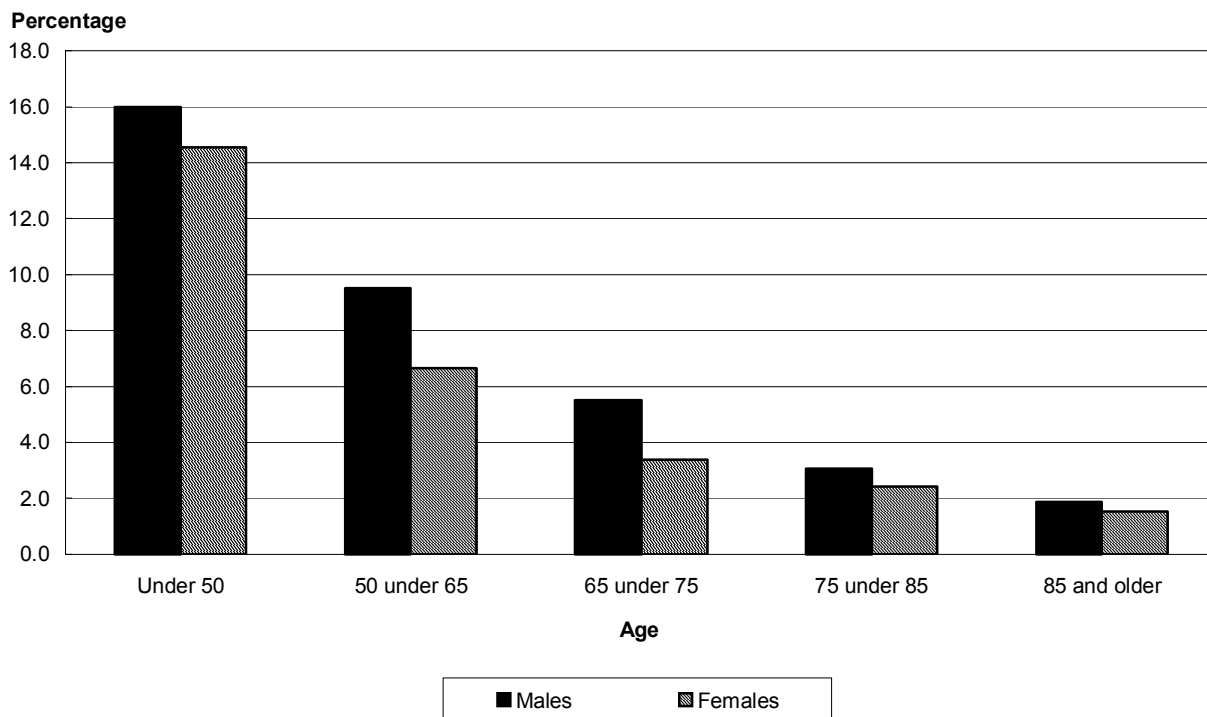
### State Data

Figure I presents the States with the largest number of resident millionaires [6]. California, the U.S. State with the largest overall population [7], also had the largest number of millionaires with about 572,000. New York had the second-largest number of millionaires, 317,000, followed by Florida and Illinois with 249,000 and 185,000, respectively.

Another way to look at the concentration of millionaires by State is to focus on the number of millionaires as a percentage of the adult population, shown in Figure J. This approach eliminates distor-

## Figure H

### All Top Wealth Holders: Debt and Mortgages as a Percentage of Total Assets, by Sex and Age, 2001



## Figure I

### States with the Largest Number of Resident Millionaires, 2001 <sup>1</sup>

[Numbers are in thousands]

State	Number of millionaires	Total adult population	Millionaires as a percentage of adult population
	(1)	(2)	(3)
California.....	572	25,176	2.3
New York.....	317	14,452	2.2
Florida.....	249	12,566	2.0
Illinois.....	185	9,274	2.0
Texas.....	182	15,297	1.2
New Jersey.....	178	6,398	2.8
Pennsylvania.....	135	9,418	1.4
Ohio.....	114	8,540	1.3
Massachusetts.....	105	4,921	2.1
Virginia.....	94	5,426	1.7

<sup>1</sup> Millionaires are defined as individuals with net worth of \$1 million or more.

<sup>2</sup> Statistics on U.S. Population, by State, for 2001 were obtained from the U.S. Bureau of the Census, "Population by State," published online at: <http://www.census.gov/popest/states>.

## Figure J

### States with the Highest Concentration of Resident Millionaires, 2001 <sup>1</sup>

[Numbers are in thousands]

State	Number of millionaires	Total adult population	Millionaires as a percentage of adult population
	(1)	(2)	(3)
Connecticut.....	83	2,594	3.2
New Jersey.....	178	6,398	2.8
District of Columbia.....	11	458	2.4
California.....	572	25,176	2.3
New York.....	317	14,452	2.2
Massachusetts.....	105	4,921	2.1
Illinois.....	185	9,274	2.0
Florida.....	249	12,566	2.0
Wyoming.....	7	370	1.9
Delaware.....	11	605	1.8

<sup>1</sup> Millionaires are defined as individuals with net worth of \$1 million or more.

<sup>2</sup> Statistics on U.S. Population, by State, for 2001 were obtained from the U.S. Bureau of the Census, "Population by State," published online at: <http://www.census.gov/popest/states>.

## Personal Wealth, 2001

tions caused by the widely varied populations of the States. Using this measure, Connecticut ranked first with the highest number of millionaires per capita. Two of the smallest States in the country by population, Wyoming and Delaware, as well as the District of Columbia, were in the top ten by concentration of millionaires. Six States--California, Florida, Illinois, Massachusetts, New Jersey, and New York--ranked in the top ten in both the number of resident millionaires and millionaires per capita.

### Millionaires, 1998-2001

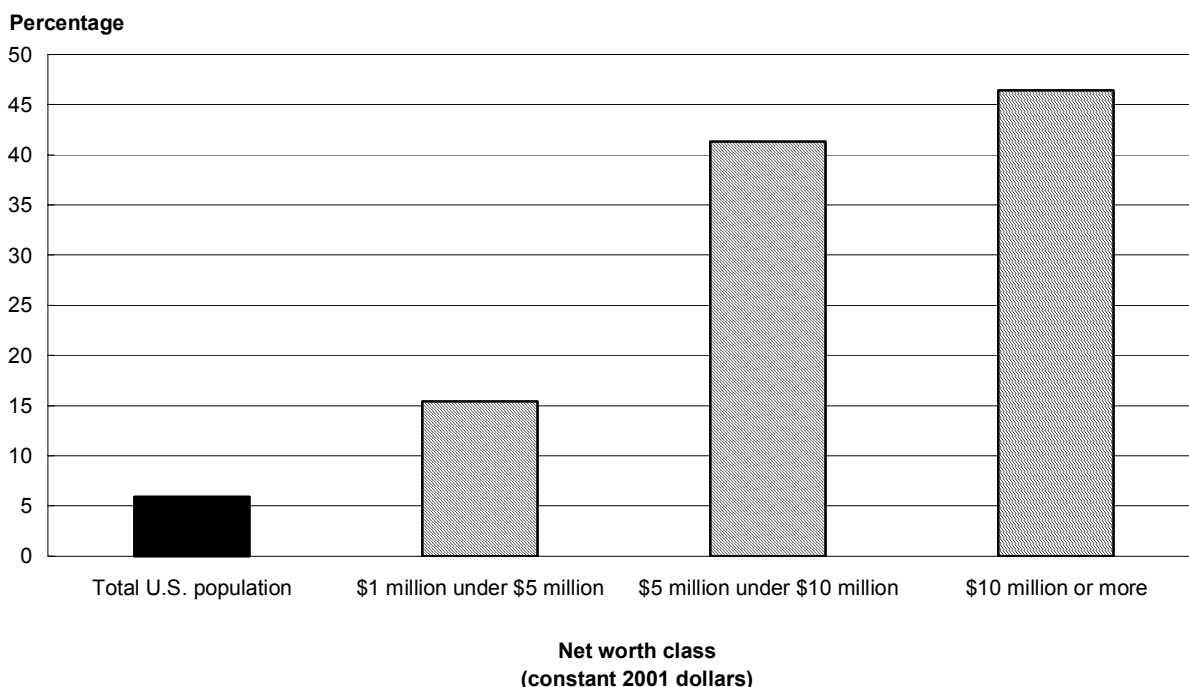
The number of adult millionaires, defined as those with net worth of \$1 million or more in real terms, increased 17.8 percent between 1998 and 2001, while the average net worth of millionaires increased 16.1 percent [8]. Figure K shows the percentage growth in the number of millionaires by net worth class between 1998 and 2001. The number of millionaires in each wealth class increased significantly between

1998 and 2001, a period generally marked by strong economic expansion until the onset of a recession in March 2001 [9], which was in turn worsened by the economic impact of the September 11 terrorist attacks. The number of millionaires with net worth between \$1 million and \$5 million grew by 15.4 percent between 1998 and 2001, while the number of millionaires in the higher wealth classes increased more rapidly, 41.3 percent for those with net worth between \$5 million and \$10 million, and 46.4 percent for those with net worth of \$10 million or more. By comparison, the total U.S. population grew by 5.9 percent during this period.

Males made up a majority of millionaires in both years (54.2 percent and 54.9 percent), although, on average, they accounted for only 48.2 percent of the adult U.S. population during this period. Figure L displays changes in the age composition of male millionaires in 1998 and 2001. The percentage of male millionaires under age 50 increased markedly

**Figure K**

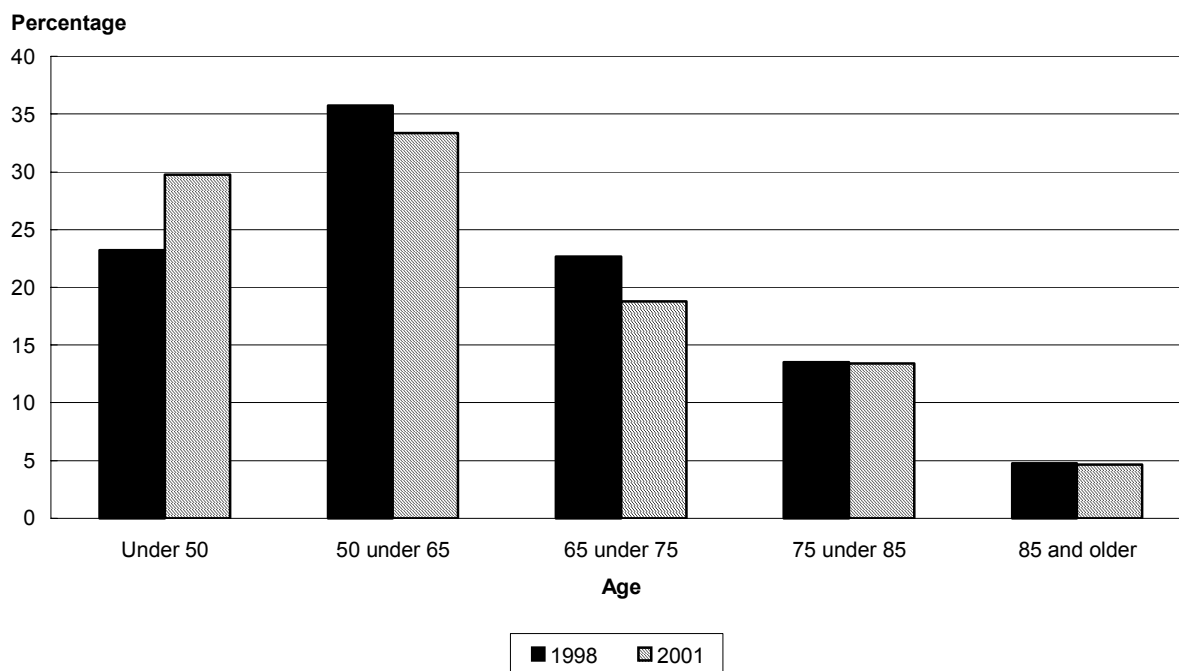
### Percentage Growth in Number of Millionaires and Total U.S. Population, 1998-2001





**Figure L**

## Percentage of Male Millionaires, by Age, 1998 and 2001



over this period, from 23.2 percent in 1998 to 29.8 percent in 2001. Conversely, the percentage of male millionaires between ages 50 and 75 declined during this period, while the percentage of male millionaires in the oldest age brackets was virtually unchanged. These patterns suggest that most of the new men who joined the millionaire population between 1998 and 2001 were under age 50.

Females accounted for 45.8 percent of the millionaire population in 1998 and 45.1 percent in 2001. Analysis of the age composition of female millionaires in 1998 and 2001 (Figure M) reveals similarities to the age composition of male millionaires. Women in the youngest age brackets, through age 65, represented larger percentages of the overall female millionaire population in 2001 than in 1998, while the percentage of women between age 65 and 85 decreased. Between 1998 and 2001, the percentage of millionaire women who were aged 85 and older was unchanged.

### Portfolio Composition for Millionaires

Looking at the asset makeup of millionaires' portfolios in 1998 and 2001 reveals significant differences

in the portfolio allocations of men and women. Throughout this period, female millionaires held a higher percentage of their portfolios in real estate than their male counterparts, while the men devoted substantially more to retirement assets (see Figures N and O).

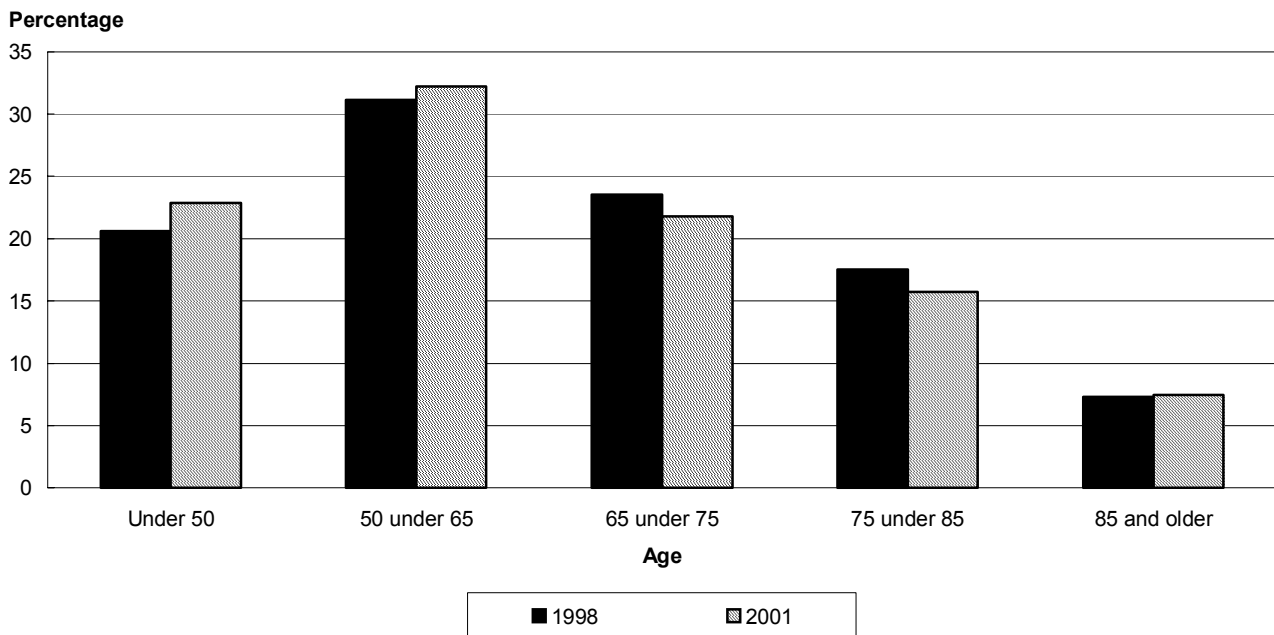
Beyond these differences, however, the portfolio composition of male and female millionaires showed similar changes between 1998 and 2001. Real estate made up a higher percentage of both men's and women's portfolios in 2001 than in 1998. This is consistent with a 25.9 percent increase in housing prices from the first quarter of 1998 to the fourth quarter of 2001 [10]. Conversely, for both sexes, stock and other financial assets comprised a substantially smaller portion of the portfolio in 2001 than in 1998. From the beginning of 1998 through the end of 2001, the S&P 500 stock index returned a more modest 18 percent, including a 13 percent decline during 2001 [11].

### Concentration Estimates

The share of U.S. wealth held by the top wealth holders has long been a topic of interest for research-

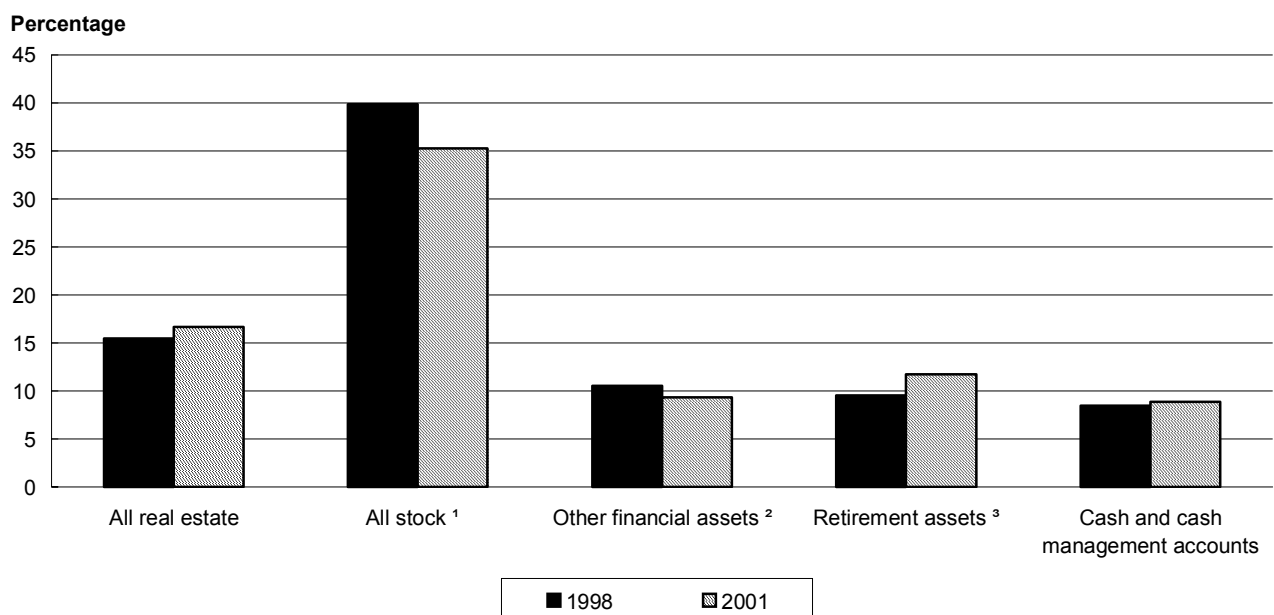
## Figure M

### Percentage of Female Millionaires, by Age, 1998 and 2001



## Figure N

### Male Millionaires: Selected Assets as a Percentage of Total Assets, 1998 and 2001



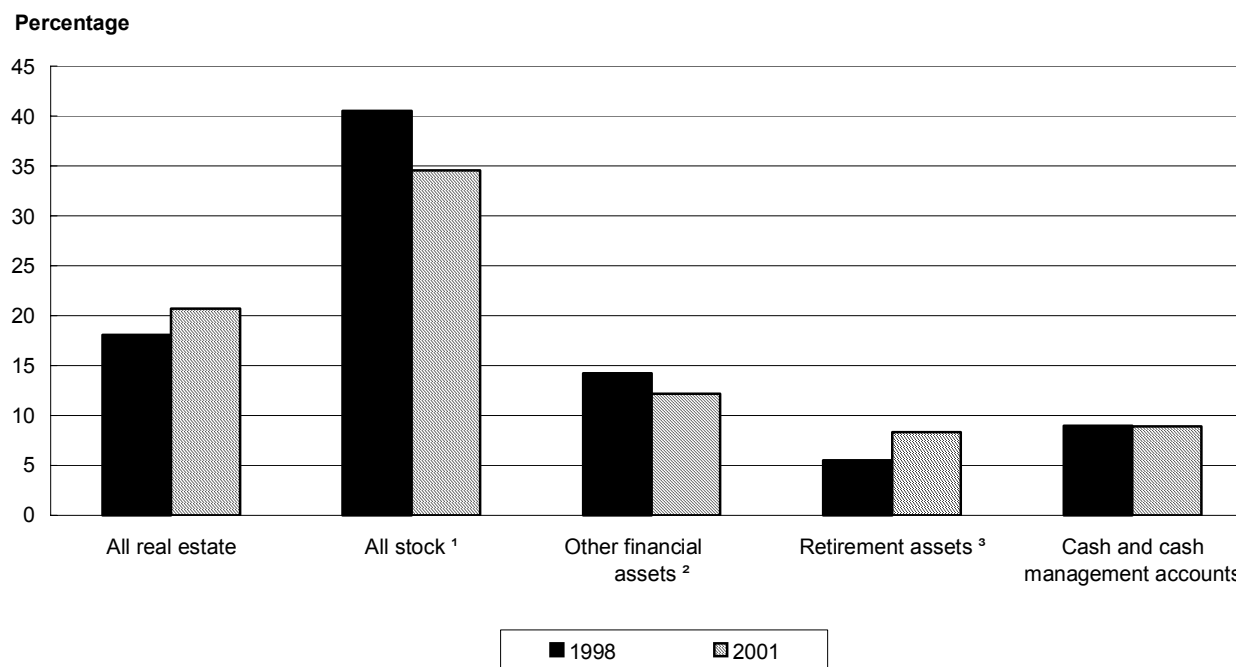
<sup>1</sup> Includes publicly traded as well as closely held stock.

<sup>2</sup> Includes individual retirement accounts, annuities, and self-employed retirement or Keogh plans.

<sup>3</sup> Includes noncorporate businesses, farms, and limited partnerships.

**Figure O**

## Female Millionaires: Selected Assets as a Percentage of Total Assets, 1998 and 2001



<sup>1</sup> Includes publicly traded as well as closely held stock.

<sup>2</sup> Includes individual retirement accounts, annuities, and self-employed retirement or Keogh plans.

<sup>3</sup> Includes noncorporate businesses, farms, and limited partnerships.

ers and the general public. One way of looking at year-to-year changes in the distribution of wealth is to examine the share of total U.S. wealth held by a constant percentage of the population. Figure P displays the percentages of total U.S. wealth held by the top 1.0 percent and the top 0.5 percent of the population between 1989 and 2001 [12]. In 2001, 1.0 percent of the U.S. adult population was approximately 2.1 million individuals. These individuals owned approximately 22.3 percent of total U.S. individual wealth, a 1.0 percent decrease since 1998 but virtually identical to the shares of wealth held in 1995 and 1992. A similar pattern was evident in the share of wealth held by the nearly 1.1 million individuals who made up the top 0.5 percent of the U.S. adult population in 2001. They held about 17.9 percent of the Nation's net worth in 2001, down slightly from 18.1 percent in 1998 and just above the shares held in 1995 and 1992. The slight interperiod variations shown in Figure O are well within the sampling error of these estimates. Overall, these results suggest that the share of wealth held by the

very wealthiest Americans has been nearly constant over the 12-year period [13].

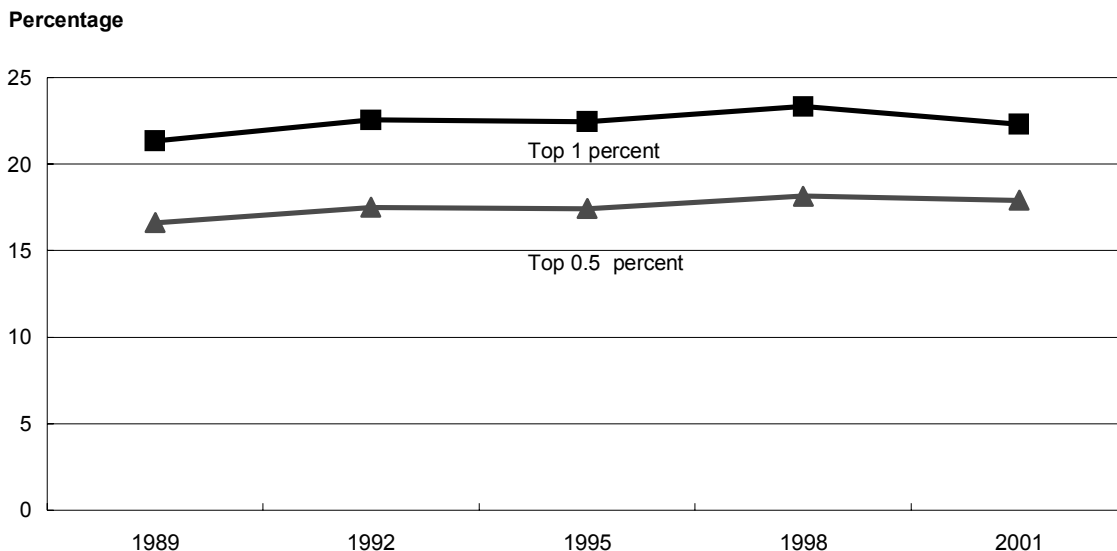
### Summary

There were more than 7.3 million individuals in the United States with gross assets of \$675,000 or more in 2001. These individuals represented about 3.5 percent of the total U.S. adult population. Top wealth holders had a combined net worth of \$13.8 trillion, or 32.7 percent of total U.S. net worth. Almost 4.0 million, or 53.7 percent, of these wealthy individuals were male, and 3.4 million were female. Although the median net worth of male and female top wealth holders was similar, men had a significantly higher average net worth, reflecting the impact of a relatively few very wealthy men at the top end of the wealth distribution.

The age, gender, and relative wealth of top wealth holders impacted the composition of their portfolios. Women's portfolios contained a greater proportion of real estate and stock in public corporations than those of men. Conversely, men's portfo-

**Figure P**

**Percentage of Total U.S. Net Worth Held by the Top 1 Percent and 0.5 Percent of the U.S. Population, 1989-2001**



liors were made up of proportionately more closely held stock, business assets, and retirement assets. The value of the personal residence made up smaller percentages in the portfolios of older top wealth holders than in portfolios held by younger individuals in the same wealth classes. Men in each wealth and age class had a higher ratio of debts to total assets than their female counterparts.

There was a significant increase in the number of U.S. citizens with net worth of \$1.0 million or more between 1998 and 2001. While the number of millionaires in each wealth class grew more rapidly than the overall U.S. population during this period, the growth rate in the number of millionaires with net worth of less than \$5 million was slower than the rate for millionaires with net worth of \$5 million or more.

In 2001, California remained the State with the largest number of millionaires, while Connecticut was the State with the greatest per capita concentration of millionaires. Estimates of the amount of wealth held by the top 1.0 percent and 0.5 percent of the U.S. population suggest that the percentage of overall U.S. wealth held by these groups has not changed significantly between 1989 and 2001.

## Data Sources and Limitations

Statistics of Income collects data from an annual sample of Federal estate tax returns that are used primarily for policy and budget purposes. The sample follows a 3-year cycle that is designed mainly to accommodate year-of-death estimates, with each study concentrating on decedents who died in the first year, the focus year, of the 3-year cycle. The annual samples are also adequate for producing filing-year estimates. Year-of-death estimates are desirable, because filing extensions and other filing delays mean that returns filed in any given calendar year may represent decedents who died in many different years. Thus, estate tax return data for a single filing year may reflect different economic and tax law conditions. By concentrating on a single year of death, these limitations can be overcome, making it possible to study the data in the context of a single time period.

Returns are selected using a stratified random sample with three stratifying variables. The stratifying variables are: year of death (focus year versus nonfocus years), total gross estate plus certain adjusted taxable gifts made during a decedent's lifetime,

and age at death. The gross estate plus gifts variable is divided into five categories: \$675,000 under \$1 million, \$1 million under \$2.5 million, \$2.5 million under \$5 million, \$5 million under \$10 million, and \$10 million or more. Age at death is also divided into five categories: under 40, 40 under 50, 50 under 65, 65 under 75, and 75 and older. Sample rates vary from 3 percent to 100 percent, with over half the strata selected with certainty, i.e., at the 100-percent rate.

SOI has combined Federal estate tax returns filed in 2001, 2002, and 2003 to produce the estimates of wealth for 2001 presented here. One of the strengths of estimates derived from SOI samples of estate tax returns is the large sample on which the estimates are based. The 2001 sample includes more than 25,800 returns [14].

While the sample size and richness of available data make the estimation techniques used in this study attractive, there are limitations to be noted. First, and most important, estate tax returns provide a presumably random sample, stratified by age, not of the total population, but of living persons with gross assets at or above the estate tax filing threshold. Sample rates are approximated by appropriate mortality rates; however, determining appropriate mortality rates for use in calculating sample weights is by no means a straightforward exercise. The Appendix to this article discusses the estate multiplier technique and recent innovations in calculating sample weights for SOI's personal wealth estimates.

Second, while estate tax returns are generally prepared by professionals and are, therefore, likely to be more accurate in detail than survey responses, the values reported are used to compute tax liability so that there is a natural tendency for the values to be somewhat conservative. This is especially true for hard-to-value assets, such as businesses and certain types of real estate. It should also be noted that the estate tax data used for these estimates are preaudit figures. A Statistics of Income (SOI) study, based on the results of IRS audits of estate tax returns filed in 1992, estimated that detected undervaluation of assets was about 1.2 percent of total asset holdings [15]. In addition, it is common to claim substantial discounts when valuing ownership interests of less than 50 percent in small companies, partnerships, and other, nonliquid assets. Increasingly, estate planning techniques are used to fracture ownership interests in

a variety of business and financial assets to take advantage of these discounts.

Third, while estate tax returns report assets that are owned outright, total wealth might ideally include wealth to which a person has an income interest but not necessarily actual title. Examples of the latter include defined-benefit pension plans and Social Security benefits.

Finally, the wealth of some individuals near death may differ somewhat from that of the general population in the same age cohort. For some, portfolios may have been altered or simplified to ensure the uninterrupted continuation of an ongoing business or to simplify the task of executing the estate. For others, wealth will have been reduced through expenses related to a final illness. In many cases, effective estate planning may also have reduced the value of the estate reportable for tax purposes.

### Appendix: The Estate Multiplier Technique

The estate multiplier technique assumes that estate tax returns, taken as a whole, represent a random sample of the living wealthy population and thus provide a means of producing reasonable estimates of personal wealth [16]. Estimates of the wealth holdings of the living population are derived by applying a multiplier, based on appropriate mortality rates, to this sample. The multiplier is equivalent to a sampling weight where the probabilities of selection include the probability of being a decedent and also that of being included in the Statistics of Income sample of estate tax returns. Mathematically, this is represented as:

$$\text{MULT} = 1 / (p \cdot r) \text{ where}$$

$p$  = probability of selection to the estate tax sample, and

$r$  = mortality rate appropriate to wealthy individuals.

Some smoothing of the multipliers was employed to constrain both tails of the net worth distribution.

The more difficult computation is determining the probability of being a decedent. Mortality rates for the general population, by age and sex, are available from the National Center for Health Statistics. However, there is much evidence that the wealthy have mortality rates significantly lower than those of the entire population. Research has demonstrated that "individuals who are economically or socially better

off also live longer, on average, and are healthier” [17]. Factors such as access to better health services, better diet and nutrition, and fewer work-related risks seem to contribute to this phenomenon. If mortality and wealth are inversely related, then mortality rates unadjusted for wealth level will be too low and, thus, undervalue wealth. Therefore, it is important to determine a mortality rate appropriate to the wealthy decedents in the estate tax return sample.

There have been a considerable number of attempts to quantify differences between the mortality of the general population and that of the very wealthy, looking at factors such as education, income, and occupation. In years past, SOI calculated mortality rates for its Personal Wealth estimates by adjusting mortality rates for the entire population using mortality differentials derived using the National Longitudinal Mortality Study (NLMS) sponsored by the National Institutes of Health. However, the most recent publicly available microdata from the NLMS are from 1995. In order to incorporate mortality information that was more contemporary with the SOI data, the 2001 estate multipliers were calculated using mortality rates for holders of large dollar value annuity policies obtained from the Society of Actuaries (SOA). This data source has several advantages beyond being more recently updated. First, annual annuitant mortality rates are available. Second, use of this source is consistent with other recent academic research within and outside the IRS.

For consistency, estimates for 1998 used in this article were recalculated using the annuitant mortality rates. Therefore, they differ somewhat from 1998 estimates previously published by SOI. The most significant difference between the two weighting methodologies is that, relative to employing the annuitant mortality data, using the NLMS data tended to slightly underestimate the proportion of wealthy women in the top wealth holder population.

### Notes and References

- [1] Estimates of the equity value of life insurance included in total assets were approximated, based on the face value reported on Federal estate tax returns and on the decedent’s age. A ratio of the equity value to the face value was developed, using data from wealthy respondents to the 1989, 1992, and 1995 Surveys of Consumer Finances. A simple regression was used

to estimate the ratio of the equity value to the face value as a function of age in the SCF and then applied to the Statistics of Income data.

In addition, the Internal Revenue Code (IRC) section 2032 allows executors to value property as of the date 6 months after a decedent’s death (or on the date property is distributed, sold, exchanged, or otherwise disposed of, within 6 months of death) in cases where the value of the gross estate decreased. Values presented in this article are as reported for the decedent’s date of death.

Finally, under IRC section 2032A, executors are allowed to value certain qualified real property used in a farm or other business based on its business (qualified) use rather than at a higher fair market value under certain circumstances. For this article, fair market values are substituted for the qualified values used to determine estate tax liability.

- [2] Population estimates were obtained from the *Statistical Abstract of the United States*, U.S. Bureau of the Census, Washington, DC, various years, Table entitled “*Resident Population by Sex and Age*.”
- [3] Estimate of the total net worth of the United States is taken from household estimates derived from the Board of Governors of the Federal Reserve System’s Survey of Consumer Finances (SCF), found in Kennickell, Arthur B. (2001), “A Rolling Tide: Changes in the Distribution of Wealth in the U.S., 1989-2001,” Board of Governors of the Federal Reserve System working paper, p. 21.
- [4] Retirement assets considered part of portfolio wealth in these estimates include contribution type plans such as Individual Retirement Arrangements (IRAs), 401K, and Keogh accounts, as well as annuities.
- [5] A closely held company is a corporation whose stock is not publicly traded, usually a family-owned enterprise.
- [6] While the size of the underlying sample of estate tax returns makes estimates of wealth derived using the estate multiplier technique fairly robust,



estimates of wealth by State can be subject to significant year-to-year fluctuations. This is especially true for individuals at the extreme tail of the net worth distribution and for States with relatively small decedent populations.

- [7] Statistics on U.S. population, by State, for 2001 were obtained from the U.S. Bureau of the Census, "Population by State," published online at: <http://www.census.gov/popest/states>.
- [8] Estimates for 1998 have been converted to constant 2001 dollars for consistency, using the GDP chain-type price index. See the Federal Reserve Economic Data Web site at: <http://research.stlouisfed.org/fred2>.
- [9] Data on business cycle expansions and contractions were obtained from the National Bureau of Economic Research (NBER). See <http://www.nber.org/cycles/cyclesmain.html>.
- [10] Change in housing prices was calculated using the Office of Federal Housing Enterprise Oversight (OFHEO) House Price Index. See <http://www.ofheo.gov>.
- [11] Data on returns of the S&P 500 index were obtained from the Standard & Poor Web site. See <http://www2.standardandpoors.com>.
- [12] See Footnote 2.
- [13] These results are consistent with those derived from the Federal Reserve Board's Survey of Consumer Finances. See Kennickell (2001).
- [14] Although the overall sample of estate tax returns is large, the number of decedents who were young (less than 40) or extremely wealthy (gross assets of \$5 million or more) in any given year varies considerably and is small in comparison to their number in the living population. Because of this, the resulting estimates of wealth for these two categories of living individuals would be subject to significant fluctuations from period to period. To reduce this variance, the sample is "smoothed" by including all returns for young or wealthy decedents filed during the 3-year sample period without regard to their years of death. These segments of the sample are then poststratified and reweighted to represent the true decedent population for the year of interest. This technique reduces the effect of outliers on estimates of personal wealth.
- [15] Eller, Martha Britton (2001), "Audit Revaluation of Federal Estate Tax Returns," *Internal Revenue Service Statistics of Income Bulletin*, Winter 2000-2001, Washington, DC.
- [16] See Atkinson, A.B. and Harrison, A.J. (1978), *Distribution of Personal Wealth in Britain*, for a thorough discussion of the estate multiplier technique.
- [17] See Menchik, Paul (1991), "Economic Status as a Determinant of Mortality Among Nonwhite and White Older Males: or, Does Poverty Kill?" Institute for Research on Poverty, Discussion Paper Number 93891.

# Personal Wealth, 2001

**Table 1.--Personal Wealth, 2001: Top Wealth Holders with Gross Assets of \$675,000 or More, Type of Property by Size of Net Worth**

[All figures are estimates based on samples--numbers are in thousands, money amounts are in millions of dollars]

Size of net worth	Total assets		Debts and mortgages		Net worth		Personal residence	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>7,357</b>	<b>15,181,904</b>	<b>5,683</b>	<b>1,348,314</b>	<b>7,357</b>	<b>13,833,590</b>	<b>5,486</b>	<b>1,790,585</b>
Size of net worth:								
Negative net worth <sup>1</sup> .....	32	34,901	32	59,218	32	-24,318	20	6,897
\$1 under \$600,000.....	1,509	980,726	1,343	299,959	1,509	680,767	1,182	282,507
\$600,000 under \$1,000,000.....	2,307	2,080,347	1,657	178,962	2,307	1,901,385	1,654	411,849
\$1,000,000 under \$2,500,000.....	2,569	4,127,949	1,896	290,366	2,569	3,837,583	1,904	585,453
\$2,500,000 under \$5,000,000.....	574	2,106,827	451	145,890	574	1,960,937	438	211,564
\$5,000,000 under \$10,000,000.....	243	1,771,700	196	104,753	243	1,666,947	187	143,179
\$10,000,000 under \$20,000,000.....	77	1,128,101	66	74,128	77	1,053,973	62	74,680
\$20,000,000 or more.....	46	2,951,352	42	195,037	46	2,756,315	39	74,457
Size of net worth	Other real estate		Closely held stock		Publicly traded stock		State and local government bonds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>Total.....</b>	<b>3,453</b>	<b>1,483,808</b>	<b>1,179</b>	<b>1,228,657</b>	<b>5,475</b>	<b>3,492,512</b>	<b>2,073</b>	<b>877,867</b>
Size of net worth:								
Negative net worth <sup>1</sup> .....	15	4,116	8	2,209	16	8,058	1	155
\$1 under \$600,000.....	621	140,049	182	29,826	900	68,119	99	4,623
\$600,000 under \$1,000,000.....	970	221,197	217	49,671	1,700	333,887	586	65,654
\$1,000,000 under \$2,500,000.....	1,267	451,974	448	203,715	2,042	814,725	925	191,683
\$2,500,000 under \$5,000,000.....	339	259,276	166	165,506	486	487,587	257	133,125
\$5,000,000 under \$10,000,000.....	150	175,206	93	173,792	216	450,143	133	165,256
\$10,000,000 under \$20,000,000.....	56	96,322	39	154,327	71	300,377	46	99,247
\$20,000,000 or more.....	34	135,669	27	449,612	43	1,029,616	27	218,124
Size of net worth	Federal savings bonds		Other Federal bonds		Corporate and foreign bonds		Bond funds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>Total.....</b>	<b>867</b>	<b>34,918</b>	<b>1,068</b>	<b>237,996</b>	<b>1,155</b>	<b>123,750</b>	<b>377</b>	<b>28,251</b>
Size of net worth:								
Negative net worth <sup>1</sup> .....	2	1	--	--	2	515	--	--
\$1 under \$600,000.....	189	1,425	65	2,992	91	2,944	32	714
\$600,000 under \$1,000,000.....	312	11,985	349	28,393	386	20,311	138	6,589
\$1,000,000 under \$2,500,000.....	287	17,810	466	60,430	469	40,260	153	11,924
\$2,500,000 under \$5,000,000.....	53	2,566	109	28,846	120	20,599	35	3,782
\$5,000,000 under \$10,000,000.....	17	663	49	21,077	50	11,775	12	2,358
\$10,000,000 under \$20,000,000.....	5	214	16	18,637	21	7,609	4	844
\$20,000,000 or more.....	2	254	14	77,621	15	19,737	3	2,041

Footnotes at end of table.

# Personal Wealth, 2001

**Table 1.--Personal Wealth, 2001: Top Wealth Holders with Gross Assets of \$675,000 or More, Type of Property by Size of Net Worth--Continued**

[All figures are estimates based on samples--numbers are in thousands, money amounts are in millions of dollars]

Size of net worth	Diversified mutual funds <sup>2</sup>		Cash		Cash management accounts		Mortgages and notes	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>Total.....</b>	<b>1,616</b>	<b>141,541</b>	<b>6,936</b>	<b>836,805</b>	<b>4,656</b>	<b>583,257</b>	<b>1,455</b>	<b>379,574</b>
Size of net worth:								
Negative net worth <sup>1</sup> .....	3	12	24	1,698	10	844	4	783
\$1 under \$600,000.....	236	7,597	1,426	52,750	684	19,482	201	18,876
\$600,000 under \$1,000,000.....	544	25,201	2,172	185,816	1,457	87,089	384	47,220
\$1,000,000 under \$2,500,000.....	586	38,836	2,418	278,841	1,772	170,679	558	106,889
\$2,500,000 under \$5,000,000.....	144	22,725	548	108,247	432	86,697	169	52,727
\$5,000,000 under \$10,000,000.....	66	8,833	229	67,677	194	79,643	80	60,807
\$10,000,000 under \$20,000,000.....	23	5,366	74	46,625	66	49,364	35	31,962
\$20,000,000 or more.....	15	32,973	45	95,150	40	89,459	25	60,310
Size of net worth	Cash value life insurance		Noncorporate business assets		Farm assets		Limited partnerships	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>Total.....</b>	<b>4,936</b>	<b>257,998</b>	<b>1,052</b>	<b>646,274</b>	<b>726</b>	<b>356,921</b>	<b>747</b>	<b>408,577</b>
Size of net worth:								
Negative net worth <sup>1</sup> .....	30	3,086	6	1,837	4	1,964	1	7
\$1 under \$600,000.....	1,354	76,095	189	20,768	86	25,522	56	2,428
\$600,000 under \$1,000,000.....	1,472	53,199	205	33,456	211	65,491	148	10,696
\$1,000,000 under \$2,500,000.....	1,547	76,310	368	99,258	304	128,713	300	43,421
\$2,500,000 under \$5,000,000.....	324	24,754	135	84,715	69	45,387	117	38,668
\$5,000,000 under \$10,000,000.....	139	14,170	86	84,869	33	34,624	66	55,530
\$10,000,000 under \$20,000,000.....	42	4,925	34	87,094	10	15,628	32	40,503
\$20,000,000 or more.....	27	5,459	28	234,278	9	39,592	26	217,325
Size of net worth	Retirement assets <sup>3</sup>		Art		Other assets			
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(41)	(42)	(43)	(44)	(45)	(46)		
<b>Total.....</b>	<b>5,541</b>	<b>1,802,138</b>	<b>235</b>	<b>60,915</b>	<b>6,549</b>	<b>409,565</b>		
Size of net worth:								
Negative net worth <sup>1</sup> .....	13	931	1	32	26	1,754		
\$1 under \$600,000.....	1,204	184,939	25	329	1,366	38,743		
\$600,000 under \$1,000,000.....	1,729	358,632	35	886	2,002	63,127		
\$1,000,000 under \$2,500,000.....	1,915	697,096	81	3,483	2,288	106,453		
\$2,500,000 under \$5,000,000.....	414	273,472	39	7,176	524	49,412		
\$5,000,000 under \$10,000,000.....	178	160,929	24	3,553	225	57,617		
\$10,000,000 under \$20,000,000.....	55	66,207	15	4,772	74	23,400		
\$20,000,000 or more.....	33	59,934	15	40,683	45	69,059		

<sup>1</sup> Includes individuals with zero net worth.

<sup>2</sup> Mutual funds with a single investment objective are grouped with similar direct investments in this table.

<sup>3</sup> Includes individual retirement accounts, annuities, and self-employed retirement or Keogh plans.

# Personal Wealth, 2001

**Table 2.--Personal Wealth, 2001: Male Top Wealth Holders with Gross Assets of \$675,000 or More, Type of Property by Size of Net Worth**

[All figures are estimates based on samples--numbers are in thousands, money amounts are in millions of dollars]

Size of net worth	Total assets		Debts and mortgages		Net worth		Personal residence	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>3,953</b>	<b>8,890,276</b>	<b>3,050</b>	<b>890,738</b>	<b>3,953</b>	<b>7,999,538</b>	<b>2,893</b>	<b>887,979</b>
Size of net worth:								
Negative net worth <sup>1</sup> .....	26	32,272	26	56,118	26	-23,846	17	5,907
\$1 under \$600,000.....	919	562,062	815	178,495	919	383,567	715	158,339
\$600,000 under \$1,000,000.....	1,083	984,350	758	93,780	1,083	890,570	746	162,180
\$1,000,000 under \$2,500,000.....	1,363	2,243,244	993	189,812	1,363	2,053,432	989	284,976
\$2,500,000 under \$5,000,000.....	333	1,222,038	268	92,767	333	1,129,271	251	110,947
\$5,000,000 under \$10,000,000.....	155	1,148,462	125	84,312	155	1,064,150	118	83,846
\$10,000,000 under \$20,000,000.....	42	624,240	36	43,765	42	580,475	32	30,216
\$20,000,000 or more.....	31	2,073,608	28	151,689	31	1,921,920	26	51,568

Size of net worth	Other real estate		Closely held stock		Publicly traded stock		State and local government bonds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>Total.....</b>	<b>1,895</b>	<b>848,748</b>	<b>822</b>	<b>883,579</b>	<b>2,822</b>	<b>1,946,329</b>	<b>947</b>	<b>451,288</b>
Size of net worth:								
Negative net worth <sup>1</sup> .....	10	3,400	8	2,209	14	8,026	1	155
\$1 under \$600,000.....	344	74,712	139	23,875	517	38,808	49	2,334
\$600,000 under \$1,000,000.....	501	114,128	142	35,262	759	141,310	243	25,164
\$1,000,000 under \$2,500,000.....	683	247,600	305	145,384	1,046	385,646	405	80,165
\$2,500,000 under \$5,000,000.....	202	143,503	114	121,794	281	253,438	135	59,062
\$5,000,000 under \$10,000,000.....	100	115,265	72	150,390	137	269,144	73	87,486
\$10,000,000 under \$20,000,000.....	31	50,809	23	77,985	39	159,053	23	52,029
\$20,000,000 or more.....	23	99,331	19	326,681	30	690,904	18	144,893

Size of net worth	Federal savings bonds		Other Federal bonds		Corporate and foreign bonds		Bond funds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>Total.....</b>	<b>471</b>	<b>14,227</b>	<b>475</b>	<b>135,232</b>	<b>531</b>	<b>61,662</b>	<b>174</b>	<b>12,541</b>
Size of net worth:								
Negative net worth <sup>1</sup> .....	1	( <sup>2</sup> )	--	--	2	515	--	--
\$1 under \$600,000.....	135	653	30	498	47	1,563	19	270
\$600,000 under \$1,000,000.....	138	4,788	152	12,022	139	5,912	56	2,241
\$1,000,000 under \$2,500,000.....	153	6,351	189	25,036	227	17,669	70	4,947
\$2,500,000 under \$5,000,000.....	31	1,741	59	14,818	64	8,117	18	2,014
\$5,000,000 under \$10,000,000.....	9	360	27	12,554	31	6,325	8	1,877
\$10,000,000 under \$20,000,000.....	3	128	8	11,457	10	4,272	1	319
\$20,000,000 or more.....	2	206	9	58,848	11	17,288	3	873

Footnotes at end of table.

# Personal Wealth, 2001

**Table 2.--Personal Wealth, 2001: Male Top Wealth Holders with Gross Assets of \$675,000 or More, Type of Property by Size of Net Worth--Continued**

[All figures are estimates based on samples--numbers are in thousands, money amounts are in millions of dollars]

Size of net worth	Diversified mutual funds <sup>3</sup>		Cash		Cash management accounts		Mortgages and notes	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>Total.....</b>	<b>796</b>	<b>78,572</b>	<b>3,744</b>	<b>485,476</b>	<b>2,337</b>	<b>320,619</b>	<b>842</b>	<b>215,185</b>
Size of net worth:								
Negative net worth <sup>1</sup> .....	3	12	21	1,670	10	843	4	783
\$1 under \$600,000.....	147	4,385	875	32,038	368	8,551	120	9,795
\$600,000 under \$1,000,000.....	199	10,152	1,020	79,495	620	36,773	209	19,629
\$1,000,000 under \$2,500,000.....	298	18,898	1,286	146,168	912	77,647	317	60,888
\$2,500,000 under \$5,000,000.....	83	7,752	321	69,611	243	48,475	100	31,307
\$5,000,000 under \$10,000,000.....	44	5,693	150	49,352	122	50,212	56	35,377
\$10,000,000 under \$20,000,000.....	13	2,417	41	30,554	36	29,452	19	16,859
\$20,000,000 or more.....	10	29,261	30	76,588	27	68,665	17	40,546

Size of net worth	Cash value life insurance		Noncorporate business assets		Farm assets		Limited partnerships	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>Total.....</b>	<b>3,072</b>	<b>198,673</b>	<b>698</b>	<b>440,794</b>	<b>442</b>	<b>238,942</b>	<b>418</b>	<b>281,092</b>
Size of net worth:								
Negative net worth <sup>1</sup> .....	24	2,787	5	1,813	3	1,549	1	7
\$1 under \$600,000.....	864	55,230	148	16,429	63	19,939	25	1,595
\$600,000 under \$1,000,000.....	786	35,977	128	20,334	130	41,324	82	6,288
\$1,000,000 under \$2,500,000.....	997	61,317	229	65,926	173	81,308	155	26,433
\$2,500,000 under \$5,000,000.....	237	21,615	90	44,834	40	31,289	72	26,556
\$5,000,000 under \$10,000,000.....	112	13,016	59	57,511	21	18,926	45	35,791
\$10,000,000 under \$20,000,000.....	30	4,352	19	54,237	6	10,590	18	22,873
\$20,000,000 or more.....	23	4,380	21	179,711	6	34,016	19	161,549

Size of net worth	Retirement assets <sup>4</sup>		Art		Other assets	
	Number	Amount	Number	Amount	Number	Amount
	(41)	(42)	(43)	(44)	(45)	(46)
<b>Total.....</b>	<b>3,091</b>	<b>1,147,780</b>	<b>110</b>	<b>21,083</b>	<b>3,516</b>	<b>220,478</b>
Size of net worth:						
Negative net worth <sup>1</sup> .....	11	910	1	32	20	1,653
\$1 under \$600,000.....	728	88,220	10	132	830	24,695
\$600,000 under \$1,000,000.....	843	199,488	21	742	942	31,141
\$1,000,000 under \$2,500,000.....	1,071	446,225	32	1,389	1,212	59,273
\$2,500,000 under \$5,000,000.....	258	193,665	21	5,770	300	25,730
\$5,000,000 under \$10,000,000.....	123	120,919	11	1,036	143	33,383
\$10,000,000 under \$20,000,000.....	33	52,954	6	2,269	39	11,414
\$20,000,000 or more.....	24	45,400	8	9,713	30	33,189

<sup>1</sup> Includes individuals with zero net worth.

<sup>2</sup> Less than \$500,000.

<sup>3</sup> Mutual funds with a single investment objective are grouped with similar direct investments in this table.

<sup>4</sup> Includes individual retirement accounts, annuities, and self-employed retirement or Keogh plans.

# Personal Wealth, 2001

**Table 3.--Personal Wealth, 2001: Female Top Wealth Holders with Gross Assets of \$675,000 or More, Type of Property by Size of Net Worth**

[All figures are estimates based on samples--numbers are in thousands, money amounts are in millions of dollars]

Size of net worth	Total assets		Debts and mortgages		Net worth		Personal residence	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>3,404</b>	<b>6,291,628</b>	<b>2,633</b>	<b>457,576</b>	<b>3,404</b>	<b>5,834,052</b>	<b>2,592</b>	<b>902,607</b>
Size of net worth:								
Negative net worth <sup>1</sup> .....	6	2,628	6	3,100	6	-472	3	990
\$1 under \$600,000.....	589	418,664	528	121,464	589	297,201	467	124,168
\$600,000 under \$1,000,000.....	1,224	1,095,997	899	85,182	1,224	1,010,815	908	249,669
\$1,000,000 under \$2,500,000.....	1,206	1,884,705	903	100,554	1,206	1,784,151	916	300,477
\$2,500,000 under \$5,000,000.....	240	884,789	183	53,123	240	831,666	186	100,617
\$5,000,000 under \$10,000,000.....	88	623,239	71	20,441	88	602,798	69	59,333
\$10,000,000 under \$20,000,000.....	35	503,862	30	30,363	35	473,498	30	44,464
\$20,000,000 or more.....	15	877,743	14	43,349	15	834,395	13	22,889

Size of net worth	Other real estate		Closely held stock		Publicly traded stock		State and local government bonds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>Total.....</b>	<b>1,558</b>	<b>635,060</b>	<b>357</b>	<b>345,078</b>	<b>2,653</b>	<b>1,546,183</b>	<b>1,127</b>	<b>426,579</b>
Size of net worth:								
Negative net worth <sup>1</sup> .....	5	716	--	--	2	32	--	--
\$1 under \$600,000.....	276	65,337	43	5,951	384	29,311	50	2,289
\$600,000 under \$1,000,000.....	469	107,069	74	14,409	940	192,577	343	40,490
\$1,000,000 under \$2,500,000.....	584	204,374	143	58,332	996	429,079	520	111,518
\$2,500,000 under \$5,000,000.....	137	115,773	52	43,712	205	234,149	122	74,063
\$5,000,000 under \$10,000,000.....	50	59,941	22	23,402	80	180,999	59	77,769
\$10,000,000 under \$20,000,000.....	25	45,513	16	76,342	32	141,324	23	47,218
\$20,000,000 or more.....	12	36,338	8	122,931	14	338,713	10	73,231

Size of net worth	Federal savings bonds		Other Federal bonds		Corporate and foreign bonds		Bond funds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>Total.....</b>	<b>396</b>	<b>20,691</b>	<b>593</b>	<b>102,764</b>	<b>624</b>	<b>62,088</b>	<b>203</b>	<b>15,711</b>
Size of net worth:								
Negative net worth <sup>1</sup> .....	1	1	--	--	--	--	--	--
\$1 under \$600,000.....	54	772	34	2,493	44	1,381	13	444
\$600,000 under \$1,000,000.....	173	7,198	197	16,371	247	14,399	82	4,348
\$1,000,000 under \$2,500,000.....	135	11,459	278	35,394	242	22,591	84	6,977
\$2,500,000 under \$5,000,000.....	22	825	50	14,028	56	12,482	17	1,768
\$5,000,000 under \$10,000,000.....	8	303	21	8,524	19	5,449	4	481
\$10,000,000 under \$20,000,000.....	2	85	8	7,180	11	3,336	2	525
\$20,000,000 or more.....	1	47	5	18,773	5	2,449	1	1,167

Footnotes at end of table.



# Personal Wealth, 2001

**Table 3.--Personal Wealth, 2001: Female Top Wealth Holders with Gross Assets of \$675,000 or More, Type of Property by Size of Net Worth--Continued**

[All figures are estimates based on samples--numbers are in thousands, money amounts are in millions of dollars]

Size of net worth	Diversified mutual funds <sup>2</sup>		Cash		Cash management accounts		Mortgages and notes	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>Total.....</b>	<b>820</b>	<b>62,969</b>	<b>3,193</b>	<b>351,329</b>	<b>2,320</b>	<b>262,638</b>	<b>613</b>	<b>164,389</b>
Size of net worth:								
Negative net worth <sup>1</sup> .....	--	--	3	28	1	1	--	--
\$1 under \$600,000.....	88	3,212	551	20,713	317	10,931	81	9,081
\$600,000 under \$1,000,000.....	345	15,048	1,152	106,321	836	50,316	175	27,591
\$1,000,000 under \$2,500,000.....	289	19,937	1,132	132,673	860	93,032	240	46,001
\$2,500,000 under \$5,000,000.....	61	14,972	227	38,635	189	38,222	69	21,419
\$5,000,000 under \$10,000,000.....	22	3,140	80	18,325	72	29,431	24	25,430
\$10,000,000 under \$20,000,000.....	10	2,948	34	16,071	31	19,912	16	15,103
\$20,000,000 or more.....	5	3,712	15	18,563	13	20,793	8	19,764

Size of net worth	Cash value life insurance		Noncorporate business assets		Farm assets		Limited partnerships	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>Total.....</b>	<b>1,864</b>	<b>59,325</b>	<b>353</b>	<b>205,480</b>	<b>284</b>	<b>117,979</b>	<b>329</b>	<b>127,485</b>
Size of net worth:								
Negative net worth <sup>1</sup> .....	6	298	1	24	1	415	--	--
\$1 under \$600,000.....	491	20,865	41	4,339	23	5,583	31	833
\$600,000 under \$1,000,000.....	686	17,222	77	13,122	81	24,166	66	4,408
\$1,000,000 under \$2,500,000.....	551	14,992	139	33,332	131	47,405	145	16,988
\$2,500,000 under \$5,000,000.....	87	3,139	46	39,882	29	14,098	45	12,112
\$5,000,000 under \$10,000,000.....	27	1,154	27	27,358	13	15,698	21	19,739
\$10,000,000 under \$20,000,000.....	13	574	15	32,857	4	5,038	14	17,629
\$20,000,000 or more.....	4	1,079	7	54,567	3	5,576	7	55,776

Size of net worth	Retirement assets <sup>3</sup>		Art		Other assets	
	Number	Amount	Number	Amount	Number	Amount
	(41)	(42)	(43)	(44)	(45)	(46)
<b>Total.....</b>	<b>2,450</b>	<b>654,358</b>	<b>125</b>	<b>39,832</b>	<b>3,033</b>	<b>189,086</b>
Size of net worth:						
Negative net worth <sup>1</sup> .....	2	21	--	--	6	102
\$1 under \$600,000.....	476	96,719	15	197	536	14,048
\$600,000 under \$1,000,000.....	886	159,144	14	144	1,060	31,985
\$1,000,000 under \$2,500,000.....	844	250,872	49	2,094	1,076	47,180
\$2,500,000 under \$5,000,000.....	156	79,807	18	1,406	224	23,682
\$5,000,000 under \$10,000,000.....	55	40,009	13	2,518	82	24,234
\$10,000,000 under \$20,000,000.....	22	13,253	9	2,503	34	11,986
\$20,000,000 or more.....	8	14,534	7	30,970	15	35,870

<sup>1</sup> Includes individuals with zero net worth.

<sup>2</sup> Mutual funds with a single investment objective are grouped with similar direct investments in this table.

<sup>3</sup> Includes individual retirement accounts, annuities, and self-employed retirement or Keogh plans.

## Personal Wealth, 2001

**Table 4.--Personal Wealth 2001: Male Top Wealth Holders with Gross Assets of \$675,000 or More, Type of Property, by Age**

[All figures are estimates based on samples--numbers are in thousands, money amounts are in thousands of dollars]

Age	Total assets		Debts and mortgages		Net worth		Personal residence	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>3,953</b>	<b>8,890,276</b>	<b>3,050</b>	<b>890,738</b>	<b>3,954</b>	<b>7,999,538</b>	<b>2,893</b>	<b>887,979</b>
Age								
Under 50.....	1,534	3,148,044	1,351	503,431	1,534	2,644,612	1,116	372,880
50 under 65.....	1,183	2,760,038	921	262,419	1,183	2,497,619	933	270,514
65 under 75.....	643	1,573,360	406	86,704	643	1,486,656	460	132,473
75 under 85.....	438	997,017	268	30,496	438	966,522	300	86,412
85 and older.....	155	411,817	103	7,688	155	404,129	84	25,700
Age	Investment real estate		Closely held stock		Other stocks		State and local bonds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>Total.....</b>	<b>1,895</b>	<b>848,748</b>	<b>822</b>	<b>883,579</b>	<b>2,822</b>	<b>1,946,329</b>	<b>947</b>	<b>451,288</b>
Age								
Under 50.....	619	259,990	356	337,051	1,040	680,832	208	146,040
50 under 65.....	656	307,553	281	326,319	866	493,987	248	105,095
65 under 75.....	369	174,543	124	135,458	456	323,478	197	70,267
75 under 85.....	193	83,033	49	70,736	336	265,432	204	82,826
85 and older.....	58	23,628	12	14,015	124	182,600	90	47,060
Age	Federal savings bonds		Other Federal bonds		Corporate and foreign bonds		Bond funds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>Total.....</b>	<b>471</b>	<b>14,227</b>	<b>475</b>	<b>135,232</b>	<b>531</b>	<b>61,662</b>	<b>174</b>	<b>12,541</b>
Age								
Under 50.....	156	1,299	121	47,445	124	16,566	50	5,299
50 under 65.....	148	3,271	123	32,854	143	17,769	48	2,795
65 under 75.....	81	3,855	93	17,730	119	12,282	31	1,638
75 under 85.....	64	4,001	100	26,946	103	10,602	32	1,854
85 and older.....	22	1,803	38	10,257	42	4,443	13	954

Footnotes at end of table.

# Personal Wealth, 2001

**Table 4.--Personal Wealth 2001: Male Top Wealth Holders with Gross Assets of \$675,000 or More, Type of Property, by Age--Continued**

[All figures are estimates based on samples--numbers are in thousands, money amounts are in millions of dollars]

Age	Diversified mutual funds <sup>1</sup>		Cash		Cash management accounts		Mortgages and notes	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>Total.....</b>	<b>796</b>	<b>78,572</b>	<b>3,744</b>	<b>485,476</b>	<b>2,337</b>	<b>320,619</b>	<b>842</b>	<b>215,185</b>
Age								
Under 50.....	263	20,882	1,442	207,603	810	126,357	293	76,270
50 under 65.....	254	37,469	1,122	112,242	729	90,132	249	61,180
65 under 75.....	136	9,981	611	71,585	392	50,910	170	47,084
75 under 85.....	104	6,991	421	64,523	302	37,990	102	24,707
85 and older.....	39	3,249	148	29,523	104	15,231	28	5,944

Age	Cash value life insurance		Noncorporate business assets		Farm assets		Limited partnerships	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>Total.....</b>	<b>3,072</b>	<b>198,673</b>	<b>698</b>	<b>440,794</b>	<b>442</b>	<b>238,942</b>	<b>418</b>	<b>281,092</b>
Age								
Under 50.....	1,231	80,707	323	187,323	117	78,402	137	114,664
50 under 65.....	967	79,503	207	125,140	149	73,041	126	74,810
65 under 75.....	476	24,099	105	76,004	89	45,112	82	64,909
75 under 85.....	305	11,309	50	42,406	66	33,309	58	21,399
85 and older.....	92	3,054	14	9,921	21	9,077	15	5,311

Age	Retirement assets <sup>2</sup>		Art		Other assets	
	Number	Amount	Number	Amount	Number	Amount
	(41)	(42)	(43)	(44)	(45)	(46)
<b>Total.....</b>	<b>3,091</b>	<b>1,147,780</b>	<b>110</b>	<b>21,083</b>	<b>3,516</b>	<b>220,478</b>
Age						
Under 50.....	1,182	282,475	35	5,371	1,342	100,588
50 under 65.....	1,003	477,608	41	6,026	1,072	62,731
65 under 75.....	540	272,678	18	4,844	586	34,433
75 under 85.....	307	102,456	11	3,389	389	16,697
85 and older.....	60	12,563	4	1,454	127	6,030

<sup>1</sup> Mutual funds with a single investment objective are grouped with similar direct investments in this table.

<sup>2</sup> Includes individual retirement accounts, annuities, and self-employed retirement or Keogh plans.

# Personal Wealth, 2001

**Table 5.--Personal Wealth 2001: Female Top Wealth Holders with Gross Assets of \$675,000 or More, Type of Property, by Age**

[All figures are estimates based on samples--numbers are in thousands, money amounts are in millions of dollars]

Age	Total assets		Debts and mortgages		Net worth		Personal residence	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>3,404</b>	<b>6,291,628</b>	<b>2,633</b>	<b>457,576</b>	<b>3,404</b>	<b>5,834,052</b>	<b>2,592</b>	<b>902,607</b>
Age								
Under 50.....	1,034	1,729,592	871	251,843	1,034	1,477,749	785	321,778
50 under 65.....	1,028	2,086,151	818	138,603	1,028	1,947,548	866	308,483
65 under 75.....	609	1,138,054	422	38,573	609	1,099,480	502	146,184
75 under 85.....	502	899,508	342	21,871	502	877,638	331	93,923
85 and older.....	230	438,323	180	6,686	230	431,637	109	32,239
Age	Investment real estate		Closely held stock		Other stocks		State and local bonds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>Total.....</b>	<b>1,558</b>	<b>635,060</b>	<b>357</b>	<b>345,078</b>	<b>2,653</b>	<b>1,546,183</b>	<b>1,127</b>	<b>426,579</b>
Age								
Under 50.....	387	144,581	120	105,878	794	417,211	169	62,295
50 under 65.....	593	263,592	140	174,361	777	413,818	302	115,225
65 under 75.....	292	122,435	52	34,839	499	281,582	272	93,372
75 under 85.....	215	80,383	36	21,812	398	270,512	264	100,347
85 and older.....	71	24,070	10	8,188	184	163,060	120	55,340
Age	Federal savings bonds		Other Federal bonds		Corporate and foreign bonds		Bond funds	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>Total.....</b>	<b>396</b>	<b>20,691</b>	<b>593</b>	<b>102,764</b>	<b>624</b>	<b>62,088</b>	<b>203</b>	<b>15,711</b>
Age								
Under 50.....	70	1,048	113	20,439	111	17,318	48	3,925
50 under 65.....	103	1,587	151	18,693	184	14,916	53	4,313
65 under 75.....	96	6,929	139	27,672	129	9,392	47	3,512
75 under 85.....	92	8,510	123	19,871	138	13,951	36	2,141
85 and older.....	35	2,617	67	16,089	61	6,512	19	1,819

Footnotes at end of table.

# Personal Wealth, 2001

**Table 5.--Personal Wealth 2001: Female Top Wealth Holders with Gross Assets of \$675,000 or More, Type of Property, by Age--Continued**

[All figures are estimates based on samples--numbers are in thousands, money amounts are in millions of dollars]

Age	Diversified mutual funds <sup>1</sup>		Cash		Cash management accounts		Mortgages and notes	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>Total.....</b>	<b>820</b>	<b>62,969</b>	<b>3,193</b>	<b>351,329</b>	<b>2,320</b>	<b>262,638</b>	<b>613</b>	<b>164,389</b>
Age								
Under 50.....	247	20,774	924	62,278	702	74,399	183	74,508
50 under 65.....	266	22,059	975	87,616	683	74,873	176	43,009
65 under 75.....	138	8,442	582	73,594	423	51,562	126	24,368
75 under 85.....	117	7,570	490	80,063	351	40,308	95	16,899
85 and older.....	52	4,125	223	47,778	160	21,496	34	5,604

Age	Cash value life insurance		Noncorporate business assets		Farm assets		Limited partnerships	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>Total.....</b>	<b>1,864</b>	<b>59,325</b>	<b>353</b>	<b>205,480</b>	<b>284</b>	<b>117,979</b>	<b>329</b>	<b>127,485</b>
Age								
Under 50.....	706	29,041	117	60,484	38	14,292	81	24,525
50 under 65.....	616	18,779	131	78,550	105	39,706	104	67,566
65 under 75.....	256	5,819	51	30,465	61	26,866	78	16,816
75 under 85.....	212	4,117	42	27,886	50	23,625	49	12,163
85 and older.....	74	1,569	13	8,096	29	13,491	17	6,415

Age	Retirement assets <sup>2</sup>		Art		Other assets	
	Number	Amount	Number	Amount	Number	Amount
	(41)	(42)	(43)	(44)	(45)	(46)
<b>Total.....</b>	<b>2,450</b>	<b>654,358</b>	<b>125</b>	<b>39,832</b>	<b>3,033</b>	<b>189,086</b>
Age						
Under 50.....	794	203,821	35	3,215	918	67,783
50 under 65.....	842	244,670	49	28,448	935	65,887
65 under 75.....	467	141,726	21	4,267	567	28,215
75 under 85.....	283	54,093	14	2,082	433	19,252
85 and older.....	64	10,048	7	1,819	182	7,948

<sup>1</sup> Mutual funds with a single investment objective are grouped with similar direct investments in this table.

<sup>2</sup> Includes individual retirement accounts, annuities, and self-employed retirement or Keogh plans.

# Personal Wealth, 2001

**Table 6.--2001 Top Wealth Holders with Net Worth of \$1 Million or More, Net Worth and Selected Assets, by State of Residence <sup>1</sup>**

[All figures are estimates based on samples--numbers are in thousands, money amounts are in millions of dollars]

	Net worth		Financial assets <sup>2</sup>		All real estate		All other assets	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>3,510</b>	<b>11,275,755</b>	<b>3,506</b>	<b>9,611,914</b>	<b>3,085</b>	<b>2,207,780</b>	<b>3,241</b>	<b>1,557,880</b>
State of residence:								
Alabama.....	35	88,579	35	80,870	30	16,131	34	8,480
Alaska.....	6	15,689	6	13,369	5	3,103	6	1,895
Arizona.....	45	152,533	45	127,553	40	27,363	45	22,883
Arkansas.....	22	58,856	22	44,568	20	14,029	21	11,340
California.....	572	1,940,734	571	1,496,938	522	608,229	543	266,870
Colorado.....	59	267,715	59	259,455	48	37,457	56	29,816
Connecticut.....	83	322,668	83	246,932	77	71,085	78	31,940
Delaware.....	11	30,846	11	23,561	11	6,690	11	3,430
District of Columbia.....	11	38,063	11	29,525	10	8,773	11	3,481
Florida.....	249	837,498	249	729,526	227	158,231	234	91,980
Georgia.....	86	220,277	86	184,022	80	44,333	82	32,511
Hawaii.....	13	29,387	13	16,124	12	15,928	11	1,677
Idaho.....	13	34,559	13	30,517	13	8,507	13	3,926
Illinois.....	185	522,196	185	462,905	153	88,951	165	59,866
Indiana.....	53	128,883	53	117,063	45	15,261	48	19,323
Iowa.....	32	60,127	32	52,598	27	7,507	31	10,985
Kansas.....	28	62,142	28	52,953	22	8,578	23	8,355
Kentucky.....	26	65,622	26	60,655	23	7,069	24	11,157
Louisiana.....	34	89,790	34	79,174	31	13,881	34	14,347
Maine.....	12	26,130	12	27,041	10	5,112	11	1,338
Maryland.....	69	186,861	69	164,539	59	30,213	60	21,285
Massachusetts.....	105	455,761	105	407,759	90	81,189	97	45,635
Michigan.....	88	237,762	88	225,432	73	36,456	82	25,596
Minnesota.....	60	180,335	60	158,195	53	34,561	58	23,750
Mississippi.....	11	32,457	11	28,695	10	4,366	11	7,614
Missouri.....	58	155,805	58	154,981	50	23,150	53	20,320
Montana.....	11	29,836	11	24,031	9	5,044	11	6,164
Nebraska.....	14	66,470	14	81,015	11	3,540	14	13,598
Nevada.....	26	97,954	26	66,973	24	24,482	24	21,915
New Hampshire.....	17	42,208	17	35,654	12	5,749	15	3,344
New Jersey.....	178	579,085	178	487,555	165	102,427	153	61,128
New Mexico.....	18	47,827	18	46,796	15	8,059	18	3,841
New York.....	317	1,315,450	316	1,030,640	276	244,759	268	240,804
North Carolina.....	83	266,524	83	210,248	79	43,583	77	50,539
North Dakota.....	5	8,831	5	8,147	3	616	5	1,125
Ohio.....	114	328,870	114	298,077	91	39,468	100	33,416
Oklahoma.....	22	106,653	22	97,099	19	6,041	21	25,832
Oregon.....	41	111,321	41	97,612	32	24,189	39	16,144
Pennsylvania.....	135	372,109	135	337,839	109	50,678	117	49,320
Rhode Island.....	13	28,121	13	25,183	13	6,123	11	1,879
South Carolina.....	40	110,356	40	93,843	36	23,234	40	13,458
South Dakota.....	10	20,185	10	12,762	8	4,157	10	6,610
Tennessee.....	49	141,637	49	118,835	46	21,848	48	24,446
Texas.....	182	577,967	182	518,731	164	77,124	177	102,036
Utah.....	14	38,342	13	21,852	13	5,648	14	15,654
Vermont.....	3	9,355	3	7,942	3	2,709	3	726
Virginia.....	94	229,300	94	196,234	85	47,544	88	26,041
Washington.....	73	257,268	73	264,275	64	50,054	73	34,002
West Virginia.....	10	29,580	10	35,777	9	2,360	10	2,420
Wisconsin.....	54	165,763	54	169,187	48	22,819	50	18,725
Wyoming.....	7	24,221	7	25,145	5	2,789	6	2,853
Other areas <sup>3</sup> .....	9	29,251	9	25,512	7	6,579	8	2,058

<sup>1</sup> While the size of the underlying sample of estate tax returns makes estimates of wealth derived using the estate multiplier technique fairly robust, estimates of wealth by State can be subject to significant year-to-year fluctuations. This is especially true for individuals at the extreme tail of the net worth distribution and for States with relatively small decedent populations.

<sup>2</sup> Includes all stocks, bonds, mutual funds, cash, cash management accounts, retirement assets, and life insurance.

<sup>3</sup> Includes U.S. territories and possessions.



# Projections of Federal Tax Return Filings: Calendar Years 2005-2012

by *Taukir Hussain*

**T**axpayers are expected to file a grand total of 229.3 million tax returns with the Internal Revenue Service (IRS) during Calendar Year (CY) 2006. That projected level reflects a modest increase of only 0.1 percent over the estimated CY 2005 filings of 229.0 million. However, the small growth in grand total return filings in 2006 is a net effect that masks some rather dramatic shifts among certain return volumes. In particular, IRS efforts to reduce taxpayer burden will result in a noticeable decrease in filings of Form 941 and Form 2688 returns during 2006. These drops, in turn, will serve to suppress the growth in total filings for 2006.

After 2006, however, grand total return filings are projected to grow at a more typical average annual rate of 1.2 percent and to reach 246.8 million by the year 2012. That more common rate of growth is driven primarily by the projected trends for the major return categories that comprise grand total filings, including individual income tax returns, employment tax returns, and estimated tax payments by individuals.

Furthermore, over the forecast horizon, IRS is projected to continue to make solid gains in the share of total returns filed electronically. This growth of electronic filing furthers IRS's strategic goal to improve taxpayer service. For example, under current trends, total individual electronic returns are estimated to be 51 percent of all individual income tax returns in 2005 and are projected to constitute 55 percent of all returns in 2006, and 70 percent in 2012.

## Trend in Grand Total Returns

Table 1 provides a complete list of the most current yearly filing projections by major form type for CY's 2006 to 2012. In developing these forecasts, in most cases, partial-year data through the first 8 months of 2005 were used to produce estimates for the year. As a point of reference, the actual number of forms filed in 2004 (the most current year for which complete data are available) is included too. In all cases applicable, the number of returns filed is

broken down by medium of filing--paper or electronic. The "grand total" is comprised of a wide range of tax forms. This includes individual, fiduciary, corporation, employment, partnership, exempt organization, government entity, political organization, estate, gift, excise, estimated tax vouchers, and various other forms as delineated in Table 1 [1, 2].

In 2004, the 3 largest tax return categories accounted for the bulk of the forms handled by the IRS submissions processing operations. Individual income tax returns made up 58.5 percent of the grand total. Employment tax returns made up 13.6 percent, while individual estimated tax payment vouchers accounted for another 12.3 percent. Together, these three form types constituted almost 85 percent of the grand total of return filings in 2004.

Figure A shows the growth rate of selected tax forms year-over-year from 2005 to 2006 and the average annual change over the period from 2006 to 2012. As mentioned earlier, a total of 229.3 million returns are projected to be filed in 2006, which is a 0.1-percent increase over the estimated 2005 filings of 229.0 million. However, over the period 2006-2012, the grand total will increase at an average rate of 1.2 percent to reach 246.8 million. Under current trends, paper filings will decline at a 2.5-percent rate to a total of 124.5 million by 2012. Simultaneously, electronic filings or "e-file" will increase at a rate of 6.1 percent to equal 122.3 million by the same time, thus attaining near parity with paper return volumes as seen in Figure B.

## Changes in Forms 941, 944, 2688, and 7004 and their Impact on Grand Total

Figure A shows an estimated total of 24.4 million Form 941, *Employer's Quarterly Federal Tax Return*, returns will be filed in 2005. However, the total will drop to 21.9 million in 2006, a reduction of roughly 2.5 million. Additionally, in 2005, an estimated 3.6 million Form 2688, *Application for Additional Extension of Time To File U.S. Individual Income Tax Return*, returns will be filed, followed by its elimination in 2006 and beyond. Together, these two forms will be responsible for a total reduction of 6.1 million filings in 2006 as part of IRS initiatives to mitigate taxpayer burden. The combined effect contributes to the slow growth of grand total filings in 2006 as observed earlier.

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# Projections of Federal Tax Return Filings: Calendar Years 2005-2012

**Figure A**

## Projected Increase (Decrease) in Selected Tax Return Filings: Calendar Years 2005-2012

Type of return	Estimated 2005	Projected 2006	Percentage increase over 2005	Projected 2012	Average annual percentage increase 2006-2012
	(1)	(2)	(3)	(4)	(5)
<b>Grand total.....</b>	<b>228,985,300</b>	<b>229,270,000</b>	<b>0.1</b>	<b>246,826,400</b>	<b>1.2</b>
Paper grand total.....	151,150,200	144,638,900	-4.3	124,548,700	-2.5
Electronic grand total.....	77,835,100	84,631,200	8.7	122,277,600	6.1
<b>Individual, total.....</b>	<b>132,766,200</b>	<b>134,901,700</b>	<b>1.6</b>	<b>143,903,300</b>	<b>1.1</b>
Forms 1040, 1040A, and 1040EZ.....	132,022,400	134,134,600	1.6	142,961,500	1.1
Total individual paper returns.....	63,866,500	59,928,300	-6.2	41,744,600	-6.0
Form 1040.....	45,249,300	42,885,900	-5.2	28,718,000	-6.7
Form 1040A.....	10,187,000	8,456,800	-17.0	6,411,000	-4.6
Form 1040EZ.....	8,430,200	8,585,600	1.8	6,615,700	-4.3
Total individual electronic returns.....	68,155,900	74,206,300	8.9	101,216,900	5.2
Online filing.....	17,076,100	21,003,600	23.0	26,630,100	4.0
Practitioner electronic filing.....	47,786,200	53,202,700	11.3	74,586,800	5.6
TeleFile.....	3,293,600	--	--	--	--
Form 1040NR.....	628,200	649,000	3.3	809,100	3.7
Forms 1040PR and 1040SS.....	115,700	118,100	2.1	132,800	2.0
<b>Individual estimated tax, Form 1040-ES, total.....</b>	<b>29,022,900</b>	<b>29,548,300</b>	<b>1.8</b>	<b>30,330,900</b>	<b>0.4</b>
Form 1040-ES, paper.....	28,959,300	29,473,600	1.8	30,195,500	0.4
Form 1040-ES, electronic (credit card).....	63,600	74,700	17.5	135,400	9.9
<b>Corporation, total.....</b>	<b>6,147,300</b>	<b>6,290,000</b>	<b>2.3</b>	<b>7,322,200</b>	<b>2.5</b>
Paper corporation returns, total.....	5,934,400	5,842,900	-1.5	4,592,700	-4.0
Electronic corporation returns, total.....	212,900	447,000	110.0	2,729,500	30.2
Form 1120, total.....	2,055,600	2,041,800	-0.7	1,973,600	-0.6
Form 1120, electronic.....	57,900	139,200	140.4	815,800	29.5
Form 1120A, total.....	208,600	201,000	-3.6	158,200	-4.0
Form 1120F, total.....	26,700	27,500	3.0	33,300	3.2
Form 1120FSC, total.....	1,000	--	--	--	--
Form 1120H, total.....	170,400	176,200	3.4	210,400	3.0
Form 1120RIC, total.....	11,900	12,300	3.4	14,000	2.2
Form 1120S, total.....	3,663,200	3,821,000	4.3	4,919,900	4.2
Form 1120S, electronic.....	155,000	307,800	98.6	1,913,700	30.5
Forms 1120L/PC/REIT/SF, total.....	9,700	10,200	5.2	12,900	3.9
<b>Employment, total.....</b>	<b>30,634,400</b>	<b>28,108,000</b>	<b>-8.2</b>	<b>29,692,000</b>	<b>0.9</b>
Paper employment returns.....	24,652,200	22,261,200	-9.7	21,067,300	-0.9
Magnetic tape employment returns.....	--	--	--	--	--
Electronic employment returns.....	5,982,200	5,846,800	-2.3	8,624,700	6.5
Forms 940, 940EZ, and 940PR, total.....	5,795,300	5,816,300	0.4	5,964,900	0.4
Forms 940, 940EZ, and 940PR, paper.....	4,843,400	4,802,300	-0.8	4,558,200	-0.9
Form 940, magnetic tape.....	--	--	--	--	--
Form 940, e-file/online/XML.....	951,900	1,014,000	6.5	1,406,700	5.5
Forms 941, 941PR/SS/E, total.....	24,422,400	21,887,000	-10.4	22,412,000	0.4
Forms 941, 941PR/SS/E, paper.....	19,392,100	17,054,200	-12.1	15,226,600	-1.9
Form 941, magnetic tape.....	--	--	--	--	--
Form 941, e-file/online/XML.....	4,393,200	4,832,800	10.0	7,185,500	6.6
Form 941 TEL.....	637,100	--	--	--	--
Forms 943 and 943 PR.....	263,200	256,700	-2.5	220,900	-2.5
Form 944, total.....	--	--	--	976,200	--
Form 944 e-file.....	--	--	--	32,600	--
Form 945.....	151,600	146,000	-3.7	116,100	-3.8
Form CT-1.....	1,900	1,900	--	1,900	--
<b>Exempt organization, total.....</b>	<b>853,500</b>	<b>863,100</b>	<b>1.1</b>	<b>1,023,900</b>	<b>2.8</b>
Paper exempt organization, total.....	848,700	851,100	0.3	891,000	0.8
Electronic exempt organization, total.....	4,800	12,000	150.0	132,900	40.1
Form 990, total.....	430,000	430,000	--	534,000	3.6
Form 990, electronic.....	3,400	8,600	152.9	91,700	39.4
Form 990EZ, total.....	146,600	149,400	1.9	169,200	2.1
Form 990EZ, electronic.....	1,300	2,700	107.7	26,000	37.7

Footnotes at end of figure.

# Projections of Federal Tax Return Filings: Calendar Years 2005-2012

**Figure A--Continued**

## Projected Increase (Decrease) in Selected Tax Return Filings: Calendar Years 2005-2012--Continued

Type of return	Estimated 2005	Projected 2006	Percentage increase over 2005	Projected 2012	Average annual percentage increase 2006-2012
	(1)	(2)	(3)	(4)	(5)
<b>Exempt organization total--continued</b>					
Form 990PF.....	88,600	92,200	4.1	111,800	3.2
Form 990PF, electronic.....	100	800	700.0	15,200	49.1
Form 990T.....	58,700	59,600	1.5	65,200	1.5
Form 4720.....	2,000	2,100	5.0	2,600	3.6
Form 5227.....	127,700	129,800	1.6	141,100	1.4
<b>Form 990C.....</b>	<b>3,400</b>	<b>3,200</b>	<b>-5.9</b>	<b>2,500</b>	<b>-4.1</b>
<b>Supplemental documents, total .....</b>	<b>20,334,600</b>	<b>20,124,000</b>	<b>-1.0</b>	<b>23,788,900</b>	<b>2.8</b>
Form 1040X.....	3,218,800	3,256,600	1.2	3,468,900	1.1
Form 4868, total .....	9,336,800	9,622,500	3.1	11,337,000	2.7
Paper .....	7,525,200	7,549,200	0.3	7,488,700	-0.1
Electronic .....	1,811,600	2,073,400	14.5	3,848,300	10.3
Credit card .....	33,300	34,900	4.8	55,600	7.8
E-file.....	1,191,200	2,038,500	71.1	3,792,700	10.3
TeleFile.....	587,100	--	--	--	--
Form 2688 .....	3,594,600	--	--	--	--
Form 1120X.....	12,800	12,400	-3.1	10,600	-2.6
Form 5558.....	352,800	349,100	-1.0	327,200	-1.1
Form 7004, total.....	3,364,000	6,422,700	90.9	8,095,500	3.9
Electronic .....	47,900	292,800	511.3	2,878,300	38.1
Form 8868, total.....	454,800	460,600	1.3	549,700	2.9
Electronic .....	1,900	5,300	178.9	74,000	43.9

NOTES: For definitions of most of the form numbers, see the text discussion and the footnotes to Table 1, at the end of this article. Detail may not add to total due to rounding.

At the same time, a newly changed Form 7004, *Application for Automatic Extension of Time To File Corporation Income Tax Return*, will see a projected 90.9-percent increase in 2006 over 2005, from 3.4 million to 6.4 million returns filed. This is an increase of 3.1 million returns. There will also be the introduction of new Form 944, *Employer's Annual Federal Tax Return*, starting in 2007. Thus, the changes taken together have offsetting effects relative to the Form 941 and Form 2688 volumes. In the process, they also contribute to a more robust annual growth rate of 1.2 percent for the grand total over the longer horizon. All of these changes and other developments are discussed in more detail below.

### Form 941 and New Form 944

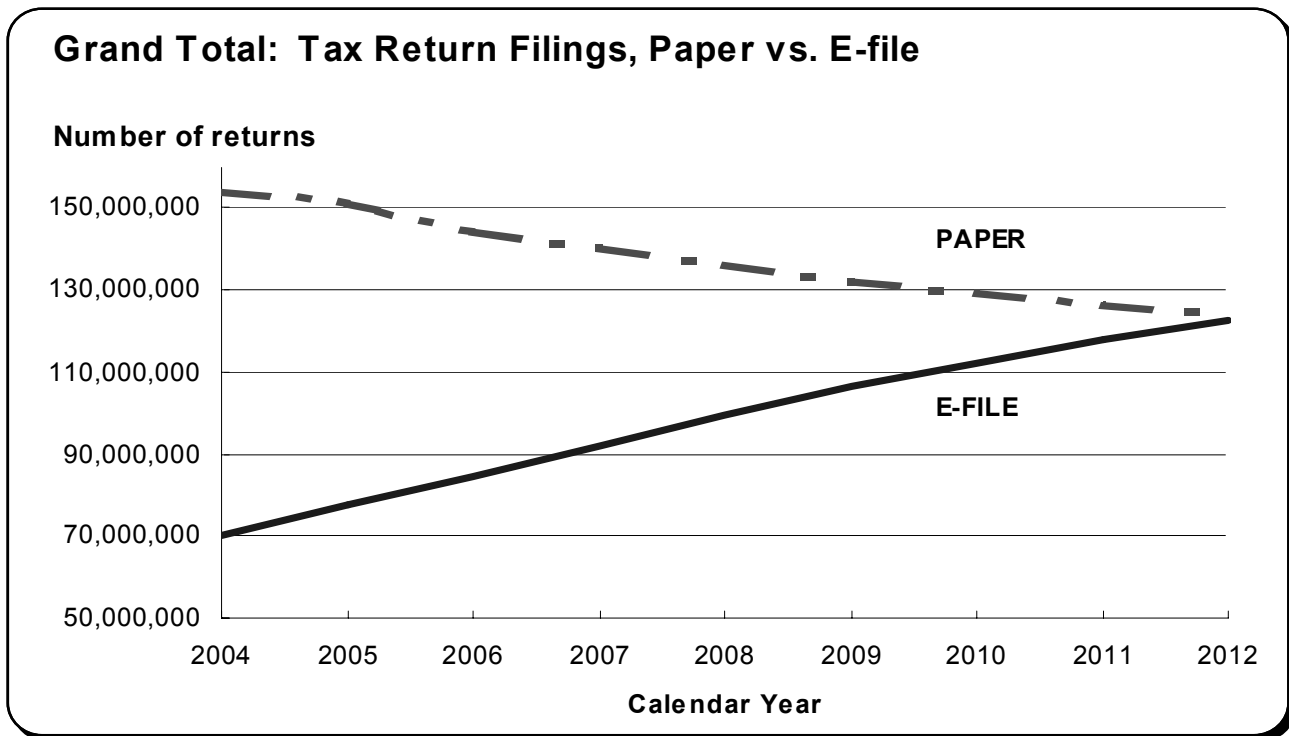
In an effort to reduce taxpayer burden on small businesses, IRS plans to issue Form 944. This new form is an annualized version of Form 941 and will be available to taxpayers starting in January 2007. Form 944 will be available to business filers with annual employment tax liability of \$1,000 or less. Instead of

filing quarterly Form 941 returns, eligible taxpayers will be required to file Form 944 once a year. Consequently, as qualified taxpayers switch to filing Form 944, return volumes of Form 941 will drop in the early part of CY 2006. As Table 1 shows, around 925,000 taxpayers are expected to switch to Form 944 in its first year. Filings are expected to grow modestly thereafter and reach 976,200 in 2012. At the same time, the forecasts of Form 941 return volumes exhibit associated downward adjustments for the estimated impact of taxpayers switching to the new Form 944.

### Elimination of Form 2688

IRS plans to implement additional taxpayer burden reduction regulations in Filing Year 2006 that will have the de facto effect of eliminating filings of Form 2688. The new regulations will provide taxpayers required to file an individual income tax return an automatic 6-month extension to file, if they submit a Form 4868, *Application for Automatic Extension of Time To File a U.S. Income Tax Return*. In previ-

**Figure B**



ous years, Form 4868 (i.e., the “first extension”) provided only a 4-month grace period to file, while Form 2688 (i.e., the “second extension”) gave an additional 2-month extension. The effects of these two forms will now be folded into a single 6-month automatic extension via Form 4868. Accordingly, in Table 1, there are no projections for Form 2688 from CY 2006 onwards.

#### **Expansion of Form 7004**

The scope of Form 7004, *Application for Automatic Extension of Time To File Corporation Income Tax*, which is currently used primarily to request an extension of time to file a corporation income tax (Form 1120 series) return, has now been expanded. Starting in 2006, Form 7004 will not only be used for filing extensions on corporate returns but also extensions for partnership (Form 1065) and fiduciary (Form 1041) returns. A sizable volume of extensions is currently requested for the filing of Forms 1065 and 1041, but such extensions were not among the

many form types formally projected by IRS staff in the past. As a result, their inclusion in the projected volume of the newly released Form 7004 now leads to a dramatic 90.9-percent increase in this return series beginning in 2006.

#### **Trend in Individual Income Tax Returns**

“Individual, Total” returns include paper and electronic versions of the major individual income tax returns. These are Forms 1040 and 1040-A, *U.S. Individual Income Tax Return*; 1040EZ, *Income Tax Return for Single and Joint Filers with No Dependents*; 1040NR, *U.S. Non-Resident Alien Income Tax Return*; 1040 (PR), *Planilla para la Declaracion de la Contribucion Federal Sobre El Trabajo Por Cuenta Propia--Puerto Rico*; and 1040-SS, *U.S. Self-Employment Tax Return*. This category excludes Form 1040X, *Amended U.S. Individual Income Tax Return*, which is included under the “supplemental documents” heading.

## Projections of Federal Tax Return Filings: Calendar Years 2005-2012

By far the largest category of tax return filings, the number of individual income tax returns filed, is projected to reach 134.9 million in 2006. This series is expected to grow at an average annual rate of 1.1 percent until 2012. This projected growth is tied mainly to the expected increase in U.S. employment over the same period. At this rate, the projected number of total individual returns filed will be 143.9 million by 2012.

### Trend in Employment Tax Returns

Paper and electronic versions of several business related tax forms fall under the heading of "Employment, total" returns. These form series include: Forms 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return*; 941, *Employer's Quarterly Federal Tax Return*; 943, *Employer's Annual Federal Tax Return for Agricultural Employees*; 944, *Employer's Annual Federal Tax Return*, which will be an annualized version of Form 941; 945, *Annual Return of Withheld Federal Income Tax*; and CT-1, *Employer's Annual Railroad Tax Return*. A magnetic tape filing option for Forms 940 and 941 ended in early 2004. As a result, a small volume of returns for this medium is reported for Calendar Year 2004, and none for 2005 and beyond.

In 2004 and 2005, employment tax returns make up the second largest share of the grand total. The interplay between the introduction of the annual Form 944, and the scaling back of the quarterly Form 941 (as discussed earlier), results in a projected 8.2-percent drop in total employment return filings in 2006. After that, the projected annual rate of growth over the entire forecast horizon is a more typical 0.9 percent. The projected filings of Forms 940 and 941 comprise the bulk of employment tax return volume. Their projected growth over the 2006-2012 period is tied mainly to the associated forecasts for U.S. employment and real gross domestic product.

### Trend in Individual Estimated Tax Returns

Form 1040-ES, *U.S. Estimated Tax for Individuals*, is used by individual taxpayers who need to make advance tax payments. Such filers are typically those who expect their tax withholdings to be less than 90 percent of their Federal tax liabilities for the year due to additional income, such as earnings from self-employment, interest, dividends, rents, and alimony. Individual taxpayers who make estimated tax payments

often file more than one voucher (Form 1040-ES) during the course of the year, usually one per quarter.

In 2004 and 2005, Form 1040-ES makes up the third largest share of the grand total. The initial Form 1040-ES filing experience in 2005, however, indicated growth over 2004. Based on this likely development, and the underlying long-term trend, the number of Form 1040-ES filings is projected to grow in the future. In 2006, approximately 29.5 million individual estimated tax vouchers are expected to be filed, an increase of 1.8 percent over the 29.0 million vouchers filed in 2005. A total of 30.3 million returns are projected to be filed by 2012, indicating an average annual growth rate of 0.4 percent from 2006 to 2012.

The number of Form 1040-ES returns filed has actually dropped substantially in recent years from a peak of 39.9 million in 1998 to an estimated 29.0 million in 2005. One reason for this is thought to be the various tax law changes enacted in 2001 and subsequent years which significantly reduced tax liabilities. Other factors that have likely contributed to the prior drop include the stock market slump, the recession, and the "sluggish" economic recovery in the early 2000's. However, with the amelioration of these factors in recent years, future growth is expected in Form 1040-ES filings.

### Trends in Electronic Filing (E-file)

#### Individual Returns

From Table 1, about 61.4 million individual income tax returns were filed electronically in 2004, and 68.2 million electronic returns are estimated to be filed in 2005, representing an 11.0-percent increase. The projection for 2006 is 74.2 million returns, which represent another robust increase of 8.9 percent. This e-file volume is expected to grow at an average rate of 5.2 percent per year, attaining a total of 101.2 million by 2012.

The projected e-file pattern for individual returns in 2006-2012 is one of stronger growth in the initial forecast years, followed by a somewhat dampened growth in the later years. This growth pattern is customary for an innovative commercial product like e-file. Still, the projected growth in e-file is much steeper than the overall growth in total individual return filings. Hence, under current trends, roughly 70 percent of individual income tax returns are projected to be filed electronically by 2012.



## Projections of Federal Tax Return Filings: Calendar Years 2005-2012

As reported in Table 1, “Total Individual Electronic Returns” are made up of three e-file categories: 1) online filing, 2) practitioner e-file, and 3) TeleFile. Online filing enables taxpayers to use a personal computer, commercial tax preparation software, and the Internet to file their returns. Online filing includes the “Free File” option, which is accessible from the IRS Web site and involves a public-private partnership between the IRS and the Free File Alliance, a consortium of tax preparation software companies. In the case of practitioner electronic filing, taxpayers essentially have returns electronically transmitted to the IRS by a tax preparation professional. The TeleFile program enabled certain taxpayers to use a touch-tone telephone to transmit their Form 1040-EZ returns. However, IRS has announced that the Telefile system will be discontinued after 2005. The general decline in TeleFile usage, the expenses involved, and the growth of other electronic filing alternatives (such as online filing) have all contributed to the discontinuance of this medium of filing. This decision applies to all other IRS TeleFile programs, such as those for Forms 4868 and 941.

Within all three e-file categories, about 17.1 million people utilized online filing in 2005. That number will likely grow to 21.0 million in 2006, a 23-percent increase, fueled in part by the cessation of TeleFile. Meanwhile, practitioners are expected to file 53.2 million returns electronically in 2006, up 11.3 percent over the 47.8 million returns filed in 2005. About 3.3 million people used TeleFile in 2005, the last year of this service, down from 3.8 million in 2004.

Various initiatives further encourage the growth of individual electronic filing. One is the IRS “e-services” program. The e-services program is open to professionals who have e-filed five or more accepted individual or business returns in a season. The program provides a suite of Web-based products that allow tax professionals to conduct business with the IRS electronically, such as disclosure authorization, electronic account resolution, and transcript delivery system. Authorized agents who submit (any of six) information returns subject to backup withholding can also make use of TIN (Taxpayer Identification Number) matching with e-services.

Another initiative is the Federal/State e-file program for taxpayers. The program makes it pos-

sible for taxpayers to meet both Federal and State return filing requirements with one e-file transmission. Nearly 40 states participate in Federal/State e-file. In addition, several States have mandated e-filing of their State tax returns in certain situations. As a result, IRS has experienced relatively strong growth in electronically-filed Federal returns in States that have mandated e-filing of state returns.

### Business Returns

IRS also continues to enhance its business e-file programs under the aegis of the Modernized e-File (MeF) platform. Most of the common business tax forms are now available for e-file either through MeF or older electronic filing systems. This includes fiduciary (Form 1041), partnership (Form 1065), corporation (Forms 1120, 1120S), employment (Forms 940 and 941), and tax-exempt (Forms 990, 990-EZ and 990-PF) returns.

New Treasury regulations issued in 2005 mandate electronic filing of Federal returns for some large corporations and tax-exempt organizations whose assets exceed certain dollar thresholds. However, these e-file mandates only apply to those corporations and tax-exempt entities that also file at least 250 other returns with the IRS during a calendar year, such as employment and excise tax returns, and information documents like Forms W-2, 1099-DIV, and Schedules K-1. The e-file mandates require corporations with gross assets of at least \$50 million to e-file their Forms 1120 or 1120S returns beginning in CY 2006. This e-file requirement is expanded to corporations with at least \$10 million in gross assets, effective in 2007.

Figure A shows that 57,900 Form 1120 and 155,000 Form 1120S returns are estimated to be e-filed in 2005. Assuming growth patterns typical of innovative technology-based products, the forecast for 2006 is 139,200 for the former and 307,800 for the latter. These represent increases of 140.4 percent for Form 1120 and 98.6 percent for Form 1120S. In subsequent years, e-filed Forms 1120/1120S are both expected to continue to grow rapidly. About 816,000 Form 1120 returns and nearly 1.9 million Form 1120S returns are projected to be filed electronically in 2012. Since corporations covered by the mandates in 2007 total only around 30,000, they will represent only a small fraction of the overall Form 1120 and 1120S e-file volumes projected.



## Projections of Federal Tax Return Filings: Calendar Years 2005-2012

Tax-exempt organizations with \$100 million or more in total assets will also be required to file their Forms 990 electronically in 2006. This threshold is lowered to \$10 million in 2007. Also impacted are private foundations and charitable trusts which will be required to file their Forms 990-PF, *Return of Private Foundation*, electronically, starting in 2007, regardless of their asset sizes. However, the additional mandate criterion that limits its scope to only those organizations filing at least 250 other tax-returns results in a relatively small number of affected tax-exempt filers. Only around 1,200 tax exempt organizations are estimated to be covered by the e-file mandate in Filing Year 2006 and approximately 10,000 in 2007.

From Figure A, an estimated 4,800 Forms 990, 990EZ, and 990-PF returns will be filed electronically in 2005. With the help of the mandates, tax-exempt e-file returns are expected to increase to 12,000 in 2006. In the long term, 132,900 exempt organization tax returns are expected electronically by the year 2012.

### Employment Returns

The changes related to Forms 941 and 944 discussed earlier have a unique short-term impact on the number of e-filed employment tax returns. With the TeleFile program ending after the 2005 filing season, Form 941 TeleFile volumes will drop to zero in 2006. While some former 941 Telefile users are expected to move to other e-file options, some are also expected to revert back to paper. In addition, the introduction of the annual Form 944 in 2007 will lead to a slight decrease in the total number of quarterly Form 941 e-filed returns in 2006.

In 2005, over 5.9 million employment returns will be filed electronically. However that number is projected to drop 2.3 percent to 5.8 million e-filed employment returns in 2006, in the wake of the developments in the Telefile program and the new Form 944. After that unique transition period, the more persistent underlying growth trend is expected to resume. Based on that trend, the total number of e-filed employment returns (i.e., Forms 940, 941, 943, and 944) is expected to be 8.6 million by 2012, growing at an average annual rate of 6.5 percent over this period.

### Grand Total

There are several other individual and business e-file return categories covered in these latest projections, e.g., partnership (Form 1065), fiduciary (Form 1041)

and filings for extensions (e.g., Forms 4868 and 7004). Each form has its own unique set of circumstances. However, what is most striking is the overall net effect of e-file. As presented in Figure B, the projected trend in grand total return filings is one of a marked decline in paper filings and a steep increase in e-file returns through 2012. Indeed, our current forecasts call for essentially half of the 246.8 million total returns in 2012 to be filed electronically. Also, future e-file initiatives by IRS and/or private industry may very well accelerate this migration to electronic filing.

### Data Sources

The reported actual volumes of returns filed in CY 2004 by form type and filing medium are based primarily on filings as recorded on the IRS master files. With a few exceptions, these volumes are the same as those reported in the Internal Revenue Service *Data Book* (Publication 55B) for that processing year. However, master file counts were not available in a few instances. In these cases, tallies of actual filings were provided by program staff in the IRS operating divisions, typically from data capture systems located in the IRS processing campuses. For CY 2005, master file data through August were generally available. The partial-year data were extrapolated to obtain estimates for CY 2005, and typically incorporated into the models used to make the projections.

### Projection Methodology

Each major form type is forecasted separately using either a time series or a linear regression model. Time series models use historical data for a form type to make predictions based on the patterns exhibited by the data. Some of the most common time series models used were several types of trended exponential smoothing and lower order Box-Jenkins ARIMA models. These models were applied for such return series as corporation (Forms 1120, 1120A, and 1120S), partnership (Form 1065), and excise (Forms 720, 730, and 2290) tax returns.

In other instances, models based on linear regression analysis were used with independent (“predictor”) variables such as gross domestic product and employment. For these models, forecasts of the independent variables were provided by Global Insight, Inc. For example, linear regression models

## Projections of Federal Tax Return Filings: Calendar Years 2005-2012

incorporating economic and demographic variables were used to project the individual income tax return series and employment Forms 940 and 941.

Legislative and administrative changes approved for future implementation and not captured in statistical models are also factored into tax return forecasts as “off-model adjustments.” Such was the case in developing the projections for the new employment Form 944. Analysis of the impact of similar events in the past, as well as input from subject-matter experts is used to develop these off-model adjustments. However such adjustments are made only for enacted tax law changes and confirmed (or reasonably certain) administrative plans and not for initiatives simply under consideration. This is particularly true of electronically-filed returns (e-file). As a result, the e-file forecasts presented in this article are not IRS goals, and should not be interpreted as precluding an alternative e-file future.

### Notes and References

- [1] All values in Table 1 are taken from *Calendar Year Return Projections for the United States and IRS Campuses: 2005-2012*, IRS Document 6186, November 2005, National Headquarters Office of Research, Analysis and Statistics, Internal Revenue Service, U.S. Department of the Treasury.
- [2] Throughout the year, the Projections and Forecasting Group (PFG) under IRS National Headquarters Office of Research publishes forecasts of a large number of tax return filings and other IRS workload categories. These projections provide a foundation for IRS workload estimates/resource requirements contained in budget submissions and also help with other major IRS planning and analysis efforts.

# Projections of Federal Tax Return Filings: Calendar Years 2005-2012

**Table 1.--Total Number of Returns To Be Filed with the Internal Revenue Service: Calendar Years 2005-2012**

Type of return	Actual 2004	Estimated <sup>1</sup> 2005	Projected						
			2006	2007	2008	2009	2010	2011	2012
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Grand total <sup>2</sup></b> .....	<b>224,477,634</b>	<b>228,985,300</b>	<b>229,270,000</b>	<b>232,502,200</b>	<b>235,723,000</b>	<b>238,673,300</b>	<b>241,670,400</b>	<b>244,334,600</b>	<b>246,826,400</b>
Paper grand total.....	154,277,116	150,816,000	144,638,900	140,338,200	136,222,900	132,481,300	129,291,900	126,604,800	124,548,700
Electronic grand total.....	70,200,518	78,169,300	84,631,200	92,164,000	99,500,100	106,191,900	112,378,500	117,729,800	122,277,600
<b>Total primary returns <sup>3</sup></b> .....	<b>205,078,062</b>	<b>208,650,700</b>	<b>209,146,100</b>	<b>211,748,100</b>	<b>214,366,900</b>	<b>216,699,800</b>	<b>219,100,600</b>	<b>221,133,700</b>	<b>223,037,400</b>
<b>Individual, total <sup>4</sup></b> .....	<b>131,297,517</b>	<b>132,766,200</b>	<b>134,901,700</b>	<b>136,351,800</b>	<b>138,184,300</b>	<b>139,703,600</b>	<b>141,405,900</b>	<b>142,845,900</b>	<b>143,903,300</b>
Forms 1040, 1040A, and 1040EZ <sup>5</sup> .....	130,576,852	132,022,400	134,134,600	135,555,500	137,358,800	138,849,000	140,522,200	141,933,100	142,961,500
Total individual paper returns.....	69,148,584	63,866,500	59,928,300	55,350,000	51,624,600	48,415,200	45,838,700	43,649,600	41,744,600
Form 1040.....	49,640,220	45,249,300	42,885,900	39,877,100	37,383,500	34,826,000	32,804,700	30,813,300	28,718,000
Form 1040A.....	10,862,016	10,187,000	8,456,800	7,562,700	6,894,500	6,616,400	6,328,900	6,265,100	6,411,000
Form 1040EZ.....	8,646,348	8,430,200	8,585,600	7,910,200	7,346,600	6,972,800	6,705,000	6,571,200	6,615,700
Total individual electronic returns.....	61,428,268	68,155,900	74,206,300	80,205,500	85,734,200	90,433,800	94,683,500	98,283,500	101,216,900
Online filing.....	14,562,975	17,076,100	21,003,600	22,953,800	24,458,800	25,469,200	26,155,500	26,525,800	26,630,100
Practitioner electronic filing.....	43,095,365	47,786,200	53,202,700	57,251,700	61,275,400	64,964,600	68,528,000	71,757,700	74,586,800
TeleFile.....	3,769,928	3,293,600	--	--	--	--	--	--	--
Form 1040NR.....	606,758	628,200	649,000	675,800	702,500	729,200	755,800	782,500	809,100
Forms 1040PR and 1040SS.....	113,907	115,700	118,100	120,600	123,000	125,400	127,900	130,300	132,800
<b>Individual estimated tax, Form 1040-ES, total.....</b>	<b>27,669,288</b>	<b>29,022,900</b>	<b>29,548,300</b>	<b>29,953,400</b>	<b>30,139,300</b>	<b>30,237,400</b>	<b>30,289,100</b>	<b>30,316,500</b>	<b>30,330,900</b>
Form 1040-ES, paper.....	27,616,395	28,959,300	29,473,600	29,868,900	30,044,900	30,132,900	30,174,400	30,191,500	30,195,500
Form 1040-ES, electronic (credit card).....	52,893	63,600	74,700	84,500	94,400	104,500	114,700	125,000	135,400
<b>Fiduciary (Form 1041), total.....</b>	<b>3,722,408</b>	<b>3,757,700</b>	<b>3,800,600</b>	<b>3,845,000</b>	<b>3,893,400</b>	<b>3,946,000</b>	<b>4,003,200</b>	<b>4,058,300</b>	<b>4,112,100</b>
Paper fiduciary returns.....	2,396,728	2,379,800	2,368,600	2,358,800	2,351,700	2,347,500	2,345,900	2,343,100	2,339,400
Electronic/magnetic tape fiduciary returns.....	1,325,680	1,377,800	1,432,000	1,486,200	1,541,600	1,598,500	1,657,300	1,715,200	1,772,700
<b>Fiduciary estimated tax, Form 1041-ES.....</b>	<b>664,219</b>	<b>838,500</b>	<b>845,100</b>	<b>851,800</b>	<b>858,500</b>	<b>865,200</b>	<b>871,800</b>	<b>878,500</b>	<b>885,200</b>
<b>Partnership, Forms 1065/1065B, total.....</b>	<b>2,546,439</b>	<b>2,686,200</b>	<b>2,822,100</b>	<b>2,960,800</b>	<b>3,090,600</b>	<b>3,218,100</b>	<b>3,340,700</b>	<b>3,457,600</b>	<b>3,568,100</b>
Paper partnership returns.....	2,451,126	2,513,100	2,585,600	2,649,200	2,692,600	2,722,000	2,735,000	2,730,700	2,708,500
Electronic partnership returns.....	95,313	173,100	236,500	311,500	398,100	496,100	605,700	726,900	859,600
<b>Corporation, total.....</b>	<b>6,012,894</b>	<b>6,147,300</b>	<b>6,290,000</b>	<b>6,467,500</b>	<b>6,621,300</b>	<b>6,798,700</b>	<b>6,979,300</b>	<b>7,155,800</b>	<b>7,322,200</b>
Paper corporation returns.....	5,962,270	5,934,400	5,842,900	5,645,600	5,325,300	4,998,100	4,777,000	4,658,000	4,592,700
Electronic corporation returns.....	50,624	212,900	447,000	821,900	1,296,000	1,800,600	2,202,300	2,497,800	2,729,500
Form 1120, total.....	2,066,806	2,055,600	2,041,800	2,034,100	2,020,500	2,008,700	1,997,000	1,985,300	1,973,600
Form 1120, electronic.....	14,211	57,900	139,200	257,900	408,000	569,000	689,700	766,300	815,800
Form 1120A, total.....	214,709	208,600	201,000	194,600	187,000	179,800	172,600	165,400	158,200
Form 1120F, total.....	25,967	26,700	27,500	28,400	29,300	30,300	31,300	32,300	33,300
Form 1120FSC, total.....	1,597	1,000	--	--	--	--	--	--	--
Form 1120H, total.....	159,487	170,400	176,200	181,900	187,600	193,300	199,000	204,700	210,400
Form 1120RIC, total.....	11,020	11,900	12,300	12,600	12,900	13,200	13,500	13,800	14,000
Form 1120S, total.....	3,523,934	3,663,200	3,821,000	4,005,300	4,172,900	4,361,700	4,553,800	4,741,900	4,919,900
Form 1120S, electronic.....	36,413	155,000	307,800	564,000	888,000	1,231,600	1,512,500	1,731,500	1,913,700
Forms 1120L/PC/REIT/SF, total.....	9,374	9,700	10,200	10,600	11,100	11,500	12,000	12,400	12,900
<b>Small Corporation Election, Form 2553.....</b>	<b>545,884</b>	<b>617,800</b>	<b>638,400</b>	<b>660,300</b>	<b>682,200</b>	<b>706,200</b>	<b>730,700</b>	<b>754,700</b>	<b>777,300</b>
"REMIC," Form 1066.....	19,512	22,700	26,000	29,300	32,500	35,800	39,000	42,300	45,600
<b>Estate, Forms 706 and 706NA, total.....</b>	<b>74,172</b>	<b>48,000</b>	<b>44,900</b>	<b>30,400</b>	<b>28,900</b>	<b>26,700</b>	<b>17,600</b>	<b>7,000</b>	<b>55,100</b>
<b>Gift, Form 709.....</b>	<b>262,164</b>	<b>259,400</b>	<b>256,800</b>	<b>254,300</b>	<b>252,000</b>	<b>249,900</b>	<b>215,200</b>	<b>91,900</b>	<b>244,200</b>
<b>Employment, total.....</b>	<b>30,463,568</b>	<b>30,634,400</b>	<b>28,108,000</b>	<b>28,422,700</b>	<b>28,643,000</b>	<b>28,916,300</b>	<b>29,187,700</b>	<b>29,449,000</b>	<b>29,692,000</b>
Paper employment returns.....	24,748,134	24,652,200	22,261,200	22,134,500	21,929,700	21,757,500	21,562,800	21,335,800	21,067,300
Magnetic tape employment returns.....	735,239	--	--	--	--	--	--	--	--
Electronic employment returns.....	4,980,195	5,982,200	5,846,800	6,288,200	6,713,300	7,158,800	7,624,900	8,113,100	8,624,700
Forms 940, 940EZ, and 940PR, total.....	5,757,193	5,795,300	5,816,300	5,864,700	5,884,000	5,910,400	5,932,100	5,950,200	5,964,900
Forms 940, 940EZ, and 940PR, paper.....	4,872,344	4,843,400	4,802,300	4,784,500	4,738,300	4,698,800	4,655,100	4,608,100	4,558,200
Form 940, magnetic tape.....	472,532	--	--	--	--	--	--	--	--
Form 940, e-file/online/XML.....	412,317	951,900	1,014,000	1,080,200	1,145,700	1,211,600	1,277,000	1,342,100	1,406,700
Forms 941, 941PR/SS/E, total.....	24,278,396	24,422,400	21,887,000	21,238,600	21,442,000	21,690,100	21,940,800	22,183,900	22,412,000
Forms 941, 941PR/SS/E, paper.....	19,447,811	19,392,100	17,054,200	16,061,400	15,905,500	15,774,400	15,624,700	15,445,100	15,226,600
Form 941, magnetic tape.....	262,707	--	--	--	--	--	--	--	--
Form 941, e-file/online/XML.....	3,729,864	4,393,200	4,832,800	5,177,200	5,536,400	5,915,700	6,316,100	6,738,900	7,185,500
Form 941 TEL.....	838,014	637,100	--	--	--	--	--	--	--
Forms 943 and 943 PR.....	269,376	263,200	256,700	251,500	245,000	239,000	233,000	226,900	220,900
Form 944, total.....	--	--	--	925,000	934,300	944,300	954,200	965,100	976,200
Form 944, e-file.....	--	--	--	30,900	31,200	31,500	31,800	32,200	32,600
Form 945.....	156,668	151,600	146,000	141,100	135,700	130,600	125,700	120,800	116,100
Form CT-1.....	1,935	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
<b>Form 1042.....</b>	<b>30,765</b>	<b>31,400</b>	<b>32,100</b>	<b>32,700</b>	<b>33,400</b>	<b>34,100</b>	<b>34,700</b>	<b>35,400</b>	<b>36,000</b>

Footnotes at end of table.

# Projections of Federal Tax Return Filings: Calendar Years 2005-2012

**Table 1.--Total Number of Returns To Be Filed with the Internal Revenue Service: Calendar Years 2005-2012--Continued**

Type of return	Actual 2004	Estimated <sup>1</sup> 2005	Projected						
			2006	2007	2008	2009	2010	2011	2012
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Exempt organization, total <sup>8</sup></b>	<b>803,839</b>	<b>853,500</b>	<b>863,100</b>	<b>908,400</b>	<b>917,600</b>	<b>960,900</b>	<b>970,800</b>	<b>1,014,000</b>	<b>1,023,900</b>
Paper exempt organization, total.....	803,183	848,700	851,100	875,400	864,400	889,400	882,500	902,600	891,000
Electronic exempt organization, total.....	656	4,800	12,000	33,000	53,200	71,500	88,400	111,400	132,900
Form 990, total.....	393,286	430,000	430,000	465,000	465,000	498,900	499,500	533,400	534,000
Form 990, electronic.....	330	3,400	8,600	25,900	39,600	51,300	62,100	78,100	91,700
Form 990EZ, total.....	139,684	146,600	149,400	153,400	156,300	159,500	162,700	165,900	169,200
Form 990EZ, electronic.....	326	1,300	2,700	5,400	10,100	13,300	17,100	21,300	26,000
Form 990PF.....	85,692	88,600	92,200	95,500	98,700	102,000	105,300	108,600	111,800
Form 990PF, electronic.....	--	100	800	1,700	3,600	6,900	9,200	12,000	15,200
Form 990T.....	57,721	58,700	59,600	60,500	61,400	62,400	63,300	64,200	65,200
Form 4720.....	1,962	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,600
Form 5227.....	125,494	127,700	129,800	131,800	133,800	135,700	137,600	139,400	141,100
<b>Form 990C <sup>9</sup></b>	<b>3,504</b>	<b>3,400</b>	<b>3,200</b>	<b>3,000</b>	<b>2,900</b>	<b>2,800</b>	<b>2,700</b>	<b>2,600</b>	<b>2,500</b>
<b>Government entities, total.....</b>	<b>51,482</b>	<b>53,600</b>	<b>54,600</b>	<b>55,700</b>	<b>56,700</b>	<b>57,700</b>	<b>58,700</b>	<b>59,800</b>	<b>60,800</b>
Form 8038.....	4,385	4,500	4,500	4,600	4,700	4,700	4,800	4,900	5,000
Form 8038G.....	30,388	32,100	32,700	33,400	34,100	34,800	35,400	36,100	36,800
Form 8038GC.....	14,385	14,800	15,100	15,400	15,600	15,900	16,200	16,500	16,700
Form 8038T.....	2,121	2,000	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Form 8328.....	203	200	200	200	200	200	200	300	300
<b>Political organizations, total.....</b>	<b>10,371</b>	<b>9,800</b>	<b>10,700</b>	<b>9,500</b>	<b>10,300</b>	<b>9,200</b>	<b>10,000</b>	<b>8,800</b>	<b>9,700</b>
Form 1120POL, total.....	5,385	5,200	5,100	4,900	4,700	4,600	4,400	4,200	4,100
Electronic 1120POL.....	--	--	--	100	300	300	400	500	600
Form 8871.....	1,383	1,500	1,800	1,500	1,800	1,500	1,800	1,500	1,800
Electronic 8871.....	1,383	1,500	1,800	1,500	1,800	1,500	1,800	1,500	1,800
Form 8872.....	3,603	3,100	3,800	3,100	3,800	3,100	3,800	3,100	3,800
Electronic 8872.....	2,164	2,000	2,500	2,100	2,600	2,200	2,700	2,300	2,800
<b>Excise, total.....</b>	<b>834,756</b>	<b>835,300</b>	<b>840,000</b>	<b>852,900</b>	<b>863,200</b>	<b>876,100</b>	<b>889,700</b>	<b>903,800</b>	<b>918,100</b>
Form 11-C.....	9,656	9,300	9,100	9,000	8,900	8,800	8,700	8,600	8,500
Form 720.....	117,950	103,600	95,200	90,500	87,500	85,800	84,800	84,200	83,800
Form 730.....	46,528	46,100	45,200	44,300	43,300	42,400	41,400	40,500	39,500
Form 2290.....	660,622	676,300	690,500	709,100	723,500	739,200	754,900	770,600	786,300
<b>Form 5330.....</b>	<b>23,413</b>	<b>22,200</b>	<b>21,400</b>	<b>20,600</b>	<b>19,700</b>	<b>18,900</b>	<b>18,000</b>	<b>17,200</b>	<b>16,300</b>
<b>Form 8752 <sup>10</sup></b>	<b>41,867</b>	<b>40,300</b>	<b>39,100</b>	<b>38,000</b>	<b>37,100</b>	<b>36,300</b>	<b>35,500</b>	<b>34,800</b>	<b>34,100</b>
<b>Supplemental documents, total <sup>11</sup></b>	<b>19,399,572</b>	<b>20,334,600</b>	<b>20,124,000</b>	<b>20,754,200</b>	<b>21,356,100</b>	<b>21,973,500</b>	<b>22,569,800</b>	<b>23,200,900</b>	<b>23,788,900</b>
Form 1040X, total.....	3,256,755	3,218,800	3,256,600	3,294,400	3,324,400	3,354,300	3,384,600	3,436,500	3,468,900
Form 4868, total.....	8,703,947	9,336,800	9,622,500	9,908,300	10,194,000	10,479,800	10,765,500	11,051,300	11,337,000
Paper.....	7,344,995	7,525,200	7,549,200	7,544,700	7,537,000	7,524,300	7,512,100	7,502,400	7,488,700
Electronic.....	1,358,952	1,811,600	2,073,400	2,363,500	2,657,100	2,955,400	3,253,400	3,548,800	3,848,300
Credit card.....	27,425	33,300	34,900	38,000	41,300	44,700	48,200	51,800	55,600
E-file.....	742,489	1,191,200	2,038,500	2,325,500	2,615,800	2,910,700	3,205,200	3,497,000	3,792,700
TeleFile.....	589,038	587,100	--	--	--	--	--	--	--
Form 2688, total.....	3,477,342	3,594,600	--	--	--	--	--	--	--
Electronic.....	168,812	334,200	--	--	--	--	--	--	--
Form 1120X.....	13,130	12,800	12,400	12,100	11,800	11,500	11,200	10,900	10,600
Form 5558.....	353,432	352,800	349,100	345,500	341,800	338,200	334,500	330,900	327,200
Form 7004, total.....	3,153,169	3,364,000	6,422,700	6,709,200	6,993,700	7,275,400	7,553,900	7,827,400	8,095,500
Electronic.....	--	47,900	292,800	555,800	988,600	1,533,300	2,097,200	2,543,700	2,878,300
Form 8868, total.....	441,797	454,800	460,600	484,700	490,500	514,400	520,200	544,000	549,700
Electronic.....	339	1,900	5,300	10,200	18,900	35,400	46,100	60,100	74,000

<sup>1</sup> Estimated based on information available as of August 2005.

<sup>2</sup> Grand total is the sum of total primary returns and supplemental documents.

<sup>3</sup> Total primary returns is the sum of all returns, excluding supplemental documents.

<sup>4</sup> "Individual, total" is the sum of paper and electronic Forms 1040, 1040A, 1040EZ, 1040NR, 1040PR, and 1040SS.

<sup>5</sup> Forms 1040/A/EZ is the sum of the paper and electronic Forms 1040, 1040A, and 1040EZ.

<sup>6</sup> "Employment, total" includes paper, magnetic tape and electronic Forms 940, 940EZ, 940PR, 941, 941E, 941PR, 941SS, 943, 943PR, 944, 945, and CT-1.

<sup>7</sup> Form 1042 is the Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

<sup>8</sup> "Exempt organization, total" includes Forms 990, 990EZ, 990PF, 990T, 4720, and 5227.

<sup>9</sup> "Exempt organization, total" excludes Form 990C.

<sup>10</sup> Form 8752 is Required Payment or Refund Under Section 7519, a computation of payment or refund by partnership or S corporation.

<sup>11</sup> Supplemental documents consist mainly of applications for extensions of time to file and amended tax returns.

NOTE: Details may not add to totals because of rounding.

# SOI Abstracts

**T**he following abstracts are provided to keep readers up to date on the latest analytical, descriptive, or methodological papers written by Statistics of Income (SOI) Division personnel or researchers during the past year. These papers, which either use SOI data or are about SOI data, were presented at the 2005 Joint Statistical Meetings of the American Statistical Association (ASA) and will be published in the IRS Methodology Report series, *Special Studies in Federal Tax Statistics*. These papers also appear in the 2005 *Proceedings of the American Statistical Association*. The abstracts below are listed by the title of the session in which the paper was presented and the ASA section(s) that sponsored the session. To obtain copies of the papers, you may write to: Statistical Information Services (SIS), Statistics of Income Division (RAS:S:SS:SD), P.O. Box 2608, Washington, DC 20013-2608; send a fax to SIS on (202) 874-0964; e-mail us at: sis@irs.gov; or call (202) 874-0410. In the Spring 2006, these papers will be available directly from the Tax Stats Web site, <http://www.irs.gov/taxstats/article/0,,id=106270,00.html>. Click on "2005" under "American Statistical Association Conference."

## Issues in Quantifying Measurement Error

*Sponsored by the Section on Survey Research Methods*

### **Measuring Nonsampling Error in the SOI Individual Tax Return Study**

*by Jana Scali, Valerie Testa, Maureen Kahr, and Michael Strudler*

The abstraction of statistical information from administrative records includes nonsampling errors created when transcribing, cleaning, and processing the data. A measurement error model is used to estimate the nonsampling error generated while transforming administrative information into statistical information. Quality statistics for the SOI Individual Tax Return Study, such as the net difference rate, index of inconsistency, and editor design effect, are calculated using the Quality Review sample.

### **Corporation Supercritical Cases: How Do Imputed Returns on the Corporate File Compare to the Actual Returns?**

*by Lucy Altounian*

Statistics of Income (SOI) corporation "supercritical" cases are certain large corporations that SOI samples at the 100-percent rate. These supercritical cases account for 58 percent of the total assets of the corporation study while comprising only .03 percent of the total corporation returns; thus, their absence from the Corporation Study would affect the final statistics. Any unavailable returns must therefore be added to the file to protect the validity of the SOI Corporation Study. One method of adding these missing data is to collect the information through surveys sent directly to the corporations. Data collected are then used to create alternate records in the file through various imputation routines. These alternate records are later replaced with the actual return when that information is secured. This paper gives a brief overview of critical cases and the survey process, compares the data in the alternate records to those of the actual returns, evaluates the accuracy of the imputation routines, and makes subsequent recommendations for changes to improve data quality where necessary.

### **The Impact of the Followup Process on the Tax Year 2002 Foreign Tax Credit Data**

*by Melissa A. Redmiles and Rob Singmaster*

The Foreign Tax Credit Study collects data from Form 1118, which taxpayers file to claim their foreign tax credit. These data include such items as the foreign gross income, foreign taxable income, and foreign taxes paid and deemed paid by type of income and country. In 2002, taxpayers did not provide country detail for more than 20 percent of their total gross foreign source incomes. There also were many discrepancies between the various schedules of Form 1118 and between data items reported on Form 1118 and similar items reported on Form 1120. SOI routinely requests taxpayers to provide these data. This paper analyzes the impact of these requests on the 2002 data. It examines such items as the response rate, the reduction in missing country detail, and the reduction in discrepancies between selected schedules on an aggregate level and per major industry.



## Interesting Methodological Topics Related to Internal Revenue Service Tax Statistics

*Sponsored by the Section on Government Statistics*

### **A Cluster Analysis Approach To Describing Tax Data**

*by Brian G. Raub and William W. Chen*

The Statistics of Income (SOI) Division of the Internal Revenue Service (IRS) produces data using information reported on tax returns. These administrative data are used by the Department of the Treasury, the Joint Committee on Taxation, and various Federal statistical agencies and are disseminated to the public via the World Wide Web and publications such as the *SOI Bulletin*. The Corporate Foreign Tax Credit (CFTC) study is in many ways typical of SOI studies. Data are collected from tax forms (in this case Form 1118) by SOI field staff and are subjected to error resolution by analysts at National Headquarters. The error-resolved data are used to create statistical tables that are published annually with descriptive text and technical notes. These statistical tables display selected aggregate fields from Form 1118 by industry, type of income, and country to which foreign taxes were paid. The present paper describes a population of Form 1118 filers using cluster analysis, with the goal of identifying alternative ways of organizing and analyzing tax data. A second goal is to identify new insights about this population of filers.

### **A Comparison of Income Concepts Across Agencies: IRS, Census, and BLS**

*by Eric Henry and Charles Day*

The Internal Revenue Service, the Bureau of Labor Statistics, and the U.S. Census Bureau all collect data on personal and household income. As their purposes for collecting these data vary, so do the definitions they use. The authors propose to study the differences and similarities in the income definitions used in the IRS Statistics of Income program, the Census Bureau Current Population Survey, and the Bureau of Labor Statistics Consumer Expenditure Survey and present them in a form useful to economists trying to use these different data series.

### **The 1999-2003 Statistics of Income Individual Income Tax Return Edited Panel**

*by Michael Weber and Victoria L. Bryant*

In 1987, the Statistics of Income (SOI) Program began a major new project called the 1987-Based Family Panel. It followed taxpayers selected for our 1987 cross-sectional sample for 10 years. This panel is currently used by Treasury's Office of Tax Analysis (OTA) and Congress's Joint Committee on Tax (JCT) to analyze tax policy. After the 1987 panel ended, SOI, OTA, and JCT began designing new replacement tax return panels. The 1999-2003 SOI Individual Tax Return Edited Panel is the first completed panel resulting from that effort. This paper discusses the sample design, return linkage issues, and weighting methodology of this panel and provides a few tabulations and results.

### **Trends in 401(k) and IRA Contribution Activity, 1999-2002—Results From a Panel of Matched Tax Returns and Information Documents**

*by Peter Sailer, Victoria Bryant, and Sarah Holden*

By combining individual tax returns (Form 1040) and information returns (such as Forms W-2 and 5498) in one panel database, the Statistics of Income (SOI) Division has made it possible to study trends in contributions by individual taxpayers over time to Individual Retirement Arrangements (IRA's), as well as the participation in other types of retirement plans. Using a simple random panel of over 71,000 individual taxpayers who filed for Tax Years 1999 through 2002, this paper analyzes persistency in taxpayers' contribution activities in traditional IRA's and in 401(k) plans. Several possible factors affecting persistency are considered, including age, marital status, gender, and income. All of the analysis in this paper is limited to those taxpayers who filed for all 4 years in the study—1999–2002. In the case of joint returns, primary and secondary taxpayers were considered separately. Weighted, the file represents 143.2 million taxpayers, about 81 percent of the original 177.0 million



who filed for 1999. Changes in marital status or marriage partners did not affect inclusion in the study. As long as an individual was represented as a taxpayer on a return for all 4 years, he or she could be included in the panel.

### Administrative Records: Input/Output

*Sponsored by the Sections on Government Statistics and Survey Research Methods*

#### **Internal Revenue Service Area-to-Area Migration Data: Strengths, Limitations, and Current Uses**

*by Emily Gross*

Datasets showing area-to-area migration of U.S. citizens are one of the most popular products disseminated by the Statistics of Income Division of the Internal Revenue Service (IRS). These data are created using year-to-year changes in address information from Internal Revenue Service individual income tax returns. Journalists and academic researchers are among the many users of these data to examine population flows and track migration patterns. This paper analyzes the IRS datasets on area-to-area migration, following the development of the data from the IRS administrative records, through the geocoding process applied by the Census Bureau, and back to the IRS for disclosure-proofing, file setup, and marketing of the data. The final dataset is discussed further, highlighting the strengths and limitations and what information they include. Some applications of the data are also discussed. Finally, the paper highlights current trends in migration by answering the questions: Which areas of the U.S. are growing, which are shrinking, and which are showing the most dramatic changes?

### Applying Ourselves to Social and Environmental Issues

*Sponsored by the Section on Survey Research Methods and the Social Statistics Section*

#### **Origins of the Estate and Personal Wealth Sample Design**

*by Paul McMahon*

The Statistics of Income Division samples Estate Tax Returns to assist in estimating changes in tax revenues under proposed law revisions and develop estimates of personal wealth. These two goals, first linked to the sample in the early 1980's, resulted in a design that must address concerns such as minimizing the variance on estimates of taxes due while permitting the use of mortality rates to estimate asset holdings of various types. The goals are not complementary, as the revenue portion requires information on filings by fiscal periods, while the wealth part implies the need to focus on deaths during particular years.

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**Notice:** The data on the following pages represent the most recent and most accurate information available at time of publication. However, they are subject to continuous revision as more information becomes available. Data labeled as preliminary should be used with caution.

## Selected Historical and Other Data

**Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1995-2004**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	1995	1999	2000	2001	2002	2003	2004p
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>All returns <sup>1</sup>.....</b>	<b>118,218,327</b>	<b>127,075,145</b>	<b>129,373,500</b>	<b>130,255,237</b>	<b>130,076,443</b>	<b>130,423,626</b>	<b>132,384,919</b>
Form 1040 returns <sup>1</sup> .....	64,774,724	74,165,814	78,846,102	80,500,011	80,748,948	80,420,043	80,278,569
Form 1040A returns <sup>1</sup> .....	24,463,262	26,961,302	28,826,589	28,293,817	28,714,328	29,631,494	30,878,413
Form 1040EZ returns <sup>1</sup> .....	21,644,177	20,752,420	21,700,809	21,461,409	20,613,167	20,372,089	21,227,937
Form 1040PC returns <sup>1</sup> .....	7,102,740	5,195,609	N/A	N/A	N/A	N/A	N/A
Electronically-filed returns <sup>1</sup> .....	14,724,219	35,495,320	40,078,595	46,861,486	52,798,823	61,154,815	69,455,931
Returns by filing status:							
Joint returns.....	49,036,410	49,900,030	50,268,249	51,034,384	51,302,089	51,510,779	52,209,457
Returns of married persons filing separately.....	2,627,963	2,385,646	2,486,719	2,441,481	2,330,723	2,320,275	2,382,705
Returns of heads of households.....	15,551,213	17,781,482	18,208,359	18,493,710	19,170,266	19,506,611	19,726,757
Returns of surviving spouses.....	115,370	80,870	63,800	74,242	73,577	83,179	82,927
Returns of single persons.....	50,887,371	56,927,117	58,346,372	58,211,420	57,199,788	57,002,781	57,983,074
Returns with Presidential Election Campaign Fund checkoff: <sup>2</sup>							
Number of returns.....	14,935,134	14,208,181	13,958,259	14,240,945	13,143,595	12,198,321	11,676,418
Amount.....	67,860	61,090	60,685	60,801	56,567	52,361	50,555
Number of boxes checked.....	21,443,077	18,306,408	19,741,877	20,266,894	18,857,672	17,453,770	16,851,768
<b>Adjusted gross income (AGI) <sup>3</sup>.....</b>	<b>4,189,353,615</b>	<b>5,855,467,909</b>	<b>6,365,376,648</b>	<b>6,170,603,942</b>	<b>6,033,585,532</b>	<b>6,207,108,793</b>	<b>6,764,907,485</b>
Salaries and wages:							
Number of returns.....	101,138,551	108,183,782	110,168,714	111,227,450	110,938,441	110,890,993	112,857,828
Amount.....	3,201,456,569	4,132,473,459	4,456,167,438	4,565,229,218	4,559,690,903	4,649,900,493	4,977,868,690
Taxable interest received: <sup>4</sup>							
Number of returns.....	67,028,830	67,218,877	68,046,458	67,479,816	63,584,806	59,459,344	57,675,120
Amount.....	154,780,536	175,675,236	199,321,670	198,177,814	149,024,899	127,159,692	111,561,113
Tax-exempt interest: <sup>5</sup>							
Number of returns.....	5,006,129	4,801,877	4,658,345	4,557,381	4,453,829	4,524,955	4,386,097
Amount.....	48,518,428	52,513,007	53,951,877	55,582,376	54,564,465	53,750,230	49,837,939
Dividends in AGI: <sup>4,6</sup>							
Number of returns.....	26,214,195	32,226,492	34,140,605	32,621,151	31,409,759	30,475,097	30,612,466
Amount.....	94,592,325	132,465,522	146,987,679	119,533,324	103,241,332	115,141,232	135,353,804
Qualified dividends in AGI: <sup>6</sup>							
Number of returns.....	n.a.	n.a.	n.a.	n.a.	n.a.	22,449,379	24,544,754
Amount.....	n.a.	n.a.	n.a.	n.a.	n.a.	80,994,736	102,348,349
Business or profession net income: <sup>14</sup>							
Number of returns.....	12,217,261	13,165,318	13,312,586	13,611,559	13,750,982	14,442,334	15,011,873
Amount.....	191,809,620	233,746,237	244,598,112	249,507,231	256,878,740	268,581,833	280,499,096
Business or profession net loss: <sup>7,14</sup>							
Number of returns.....	3,955,590	4,146,807	4,287,423	4,406,790	4,846,323	4,973,314	5,201,188
Amount.....	22,466,293	25,332,170	30,732,759	32,734,734	36,095,167	38,926,548	41,915,266
Net capital gain in AGI: <sup>6,8</sup>							
Number of returns.....	14,829,385	22,497,646	22,645,728	12,630,577	9,969,731	9,081,384	10,749,057
Amount.....	180,130,460	552,604,872	644,284,795	348,132,997	268,202,336	322,973,738	440,133,546
Net capital loss in AGI: <sup>6,9</sup>							
Number of returns.....	5,133,540	5,202,857	6,875,037	10,839,824	13,279,894	12,808,303	11,493,985
Amount.....	9,715,254	9,846,756	13,742,364	22,964,034	29,833,878	28,952,022	25,454,976
Sales of property other than capital assets, net gain: <sup>10</sup>							
Number of returns.....	802,688	834,575	827,490	772,632	789,392	798,662	827,819
Amount.....	5,734,820	6,557,503	7,445,007	7,208,365	7,291,728	8,138,821	9,311,122
Sales of property other than capital assets, net loss: <sup>10</sup>							
Number of returns.....	974,545	898,350	872,562	843,253	938,985	955,198	848,226
Amount.....	8,744,858	8,269,794	8,364,141	9,105,361	9,678,258	8,469,180	6,665,222
Pensions and annuities in AGI: <sup>11</sup>							
Number of returns.....	18,414,601	21,343,646	21,765,211	22,262,774	22,794,417	22,822,842	23,344,955
Amount.....	221,053,045	304,310,714	325,827,702	338,745,409	357,840,960	372,931,442	399,311,044
Unemployment compensation: <sup>12</sup>							
Number of returns.....	7,985,322	6,775,723	6,478,292	8,799,886	10,334,639	10,065,230	9,154,275
Amount.....	19,336,423	17,530,779	16,913,305	26,890,925	43,129,155	44,007,879	32,740,408

See notes at end of this section.

## Selected Historical and Other Data

**Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1995-2004**

--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	1995	1999	2000	2001	2002	2003	2004p
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Adjusted gross income (AGI)--continued</b>							
Social Security benefits in AGI: <sup>13</sup>							
Number of returns.....	6,598,033	9,459,189	10,608,572	10,779,280	10,702,502	10,975,002	11,825,356
Amount..... <sup>14</sup>	45,715,361	75,078,976	89,964,021	93,559,363	93,459,494	97,768,201	111,778,572
Rent net income:							
Number of returns.....	4,358,760	4,355,533	4,200,588	4,226,121	4,228,529	4,086,160	4,025,148
Amount..... <sup>14</sup>	35,165,713	43,459,764	45,099,159	47,307,618	49,265,943	49,236,378	49,737,212
Rent net loss:							
Number of returns.....	4,903,387	4,616,526	4,520,263	4,504,545	4,500,788	4,529,086	4,622,122
Amount.....	27,437,709	28,341,505	30,309,122	31,057,269	34,253,712	37,558,496	42,402,272
Royalty net income: <sup>15</sup>							
Number of returns.....	1,096,821	1,117,408	1,103,851	1,133,409	1,118,018	1,242,840	1,253,398
Amount.....	5,010,334	6,482,226	7,997,803	10,630,523	8,013,942	10,729,655	11,315,896
Royalty net loss: <sup>15</sup>							
Number of returns.....	36,680	46,926	36,033	46,313	38,389	32,790	30,039
Amount.....	84,550	131,699	100,895	89,482	140,775	123,569	167,299
Partnership and S corporation net income: <sup>16</sup>							
Number of returns.....	3,566,632	4,154,776	4,179,537	4,356,933	4,329,316	4,453,988	4,391,303
Amount.....	166,418,667	269,757,830	285,424,865	301,558,966	314,665,137	333,029,137	355,465,300
Partnership and S corporation net loss: <sup>7, 16</sup>							
Number of returns.....	2,055,062	2,121,841	2,120,784	2,139,574	2,394,105	2,552,592	2,268,094
Amount.....	40,666,189	58,685,867	72,511,266	76,448,871	76,697,948	78,972,015	57,536,319
Estate or trust net income:							
Number of returns.....	506,584	516,024	556,534	493,247	539,946	499,416	478,444
Amount.....	6,870,734	10,975,854	12,134,000	12,378,332	12,459,427	13,498,758	13,051,086
Estate or trust net loss:							
Number of returns.....	41,050	40,071	39,026	44,096	41,508	33,117	31,176
Amount.....	816,719	1,092,143	1,127,838	2,158,566	1,219,102	1,083,966	630,041
Farm net income:							
Number of returns.....	726,065	725,782	703,083	649,173	556,331	592,019	591,038
Amount..... <sup>7</sup>	8,192,174	9,201,162	8,270,319	7,656,704	6,324,051	7,472,503	7,830,456
Farm net loss:							
Number of returns.....	1,493,178	1,320,526	1,358,701	1,357,698	1,438,741	1,405,097	1,414,985
Amount.....	16,041,814	15,444,078	17,305,037	18,661,484	20,743,770	19,843,995	19,894,553
<b>Total statutory adjustments:</b>							
Number of returns..... <sup>17</sup>	18,208,887	22,659,973	23,197,425	23,497,092	28,911,078	30,382,069	32,069,452
Amount..... <sup>17</sup>	41,139,577	56,698,800	58,609,518	60,572,768	77,161,432	87,575,677	94,479,216
Educator expenses:							
Number of returns.....	N/A	N/A	N/A	N/A	2,884,403	3,240,673	3,437,540
Amount.....	N/A	N/A	N/A	N/A	712,505	805,734	865,467
Individual Retirement Arrangements: <sup>18</sup>							
Number of returns.....	4,300,722	3,687,149	3,505,032	3,448,457	3,277,671	3,418,494	3,379,417
Amount.....	8,338,014	7,883,438	7,477,074	7,406,866	9,462,404	10,006,814	10,239,186
Student loan interest deduction:							
Number of returns.....	N/A	4,136,505	4,477,986	4,405,667	6,640,784	6,953,370	7,604,016
Amount.....	N/A	2,254,531	2,639,472	2,711,733	4,469,546	4,409,816	4,438,098
Tuition and fees deduction:							
Number of returns.....	N/A	N/A	N/A	N/A	3,444,941	3,571,154	4,738,193
Amount.....	N/A	N/A	N/A	N/A	6,154,145	6,683,631	10,677,851
Medical savings account deduction: <sup>19</sup>							
Number of returns.....	N/A	50,393	65,415	69,957	61,118	67,347	30,883
Amount.....	N/A	81,977	120,330	123,296	121,282	129,214	63,086
Keogh and self-employed retirement plans:							
Number of returns.....	1,032,102	1,264,007	1,287,706	1,290,496	1,186,947	1,208,801	1,171,091
Amount.....	8,734,145	11,928,242	12,475,396	13,114,412	16,349,738	17,795,957	17,982,632
Deduction for self-employment tax:							
Number of returns.....	12,849,084	14,029,609	14,300,141	14,574,036	14,664,473	15,373,279	15,763,127
Amount.....	13,341,810	16,689,650	17,392,967	18,134,959	18,687,162	19,791,285	20,148,573

See notes at end of this section.

# Selected Historical and Other Data

**Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1995-2004**

--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	1995	1999	2000	2001	2002	2003	2004p
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total statutory adjustments--continued</b>							
Self-employed health insurance: <sup>20</sup>							
Number of returns.....	3,011,145	3,491,539	3,564,624	3,559,792	3,571,152	3,802,277	3,699,187
Amount.....	2,601,145	6,755,071	7,569,198	8,177,397	10,494,247	16,454,211	17,270,521
<b>Exemptions:</b>							
Number of exemptions, total.....	237,164,486	248,657,119	252,332,427	256,186,046	258,716,374	261,126,373	264,727,822
Amount..... <sup>21</sup>	584,509,487	669,241,317	690,109,474	727,554,990	761,440,430	781,305,067	803,389,845
Number of boxes checked for taxpayer's age							
65 or over..... <sup>21</sup>	19,450,417	21,785,802	22,475,999	22,825,923	22,948,745	23,178,832	24,008,864
Primary taxpayer.....	13,875,464	15,760,847	16,159,749	16,443,262	16,444,649	16,626,808	17,086,909
Spouse.....	5,574,953	6,024,955	6,316,250	6,382,661	6,504,096	6,552,024	6,921,955
<b>Total deductions:</b>							
Number of returns..... <sup>22</sup>	117,230,454	125,999,671	128,204,824	128,800,540	128,302,742	128,592,872	130,572,217
Amount..... <sup>22</sup>	940,958,666	1,205,337,338	1,293,181,391	1,366,435,851	1,390,114,852	1,457,644,886	1,536,262,023
Standard deductions: <sup>23</sup>							
Number of returns.....	83,222,737	85,755,366	85,670,504	84,238,233	82,655,191	84,643,281	84,384,089
Amount.....	413,584,632	463,960,491	470,820,881	466,971,032	477,170,045	539,921,089	548,505,579
Returns with additional standard deductions for age 65 or over or blindness:							
Number of returns.....	10,809,600	11,200,024	11,330,554	11,116,629	10,857,098	11,200,647	11,118,473
Amount.....	12,319,288	14,264,309	14,735,998	14,936,559	14,897,487	15,858,963	16,053,978
Itemized deductions: <sup>24</sup>							
Number of returns.....	34,007,717	40,244,305	42,534,320	44,562,308	45,647,551	43,949,591	46,188,128
Amount..... <sup>24</sup>	527,374,034	741,376,847	822,360,510	884,528,260	898,047,320	901,864,834	971,702,466
Medical and dental expense: <sup>25</sup>							
Number of returns.....	5,351,066	5,884,418	6,513,104	7,571,522	8,547,481	8,678,320	9,458,334
Amount.....	26,964,295	35,375,998	39,251,004	47,071,726	52,276,395	56,007,076	61,292,493
Taxes paid: <sup>26</sup>							
Number of returns.....	33,530,277	39,564,240	41,823,555	43,797,188	44,793,590	43,061,888	45,870,333
Amount.....	188,643,888	265,365,133	294,711,547	307,974,817	302,653,989	310,896,704	357,908,694
Interest paid: <sup>27</sup>							
Number of returns.....	28,704,828	33,705,780	35,405,336	36,800,610	37,637,017	36,211,578	37,961,584
Amount.....	215,077,974	291,552,907	322,931,506	349,900,751	351,495,773	340,319,125	345,937,522
Home mortgage interest paid:							
Number of returns.....	28,350,260	33,267,570	34,914,116	36,331,190	37,216,044	35,797,375	37,570,218
Amount.....	203,074,312	272,148,740	299,963,368	330,692,376	336,570,649	325,191,983	335,313,914
Charitable contributions:							
Number of returns.....	30,540,637	35,523,471	37,524,825	39,386,782	40,399,695	38,626,902	40,594,576
Amount.....	74,991,519	125,798,548	140,681,631	139,241,476	140,571,365	145,702,137	156,200,064
<b>Taxable income:</b>							
Number of returns.....	94,612,292	102,845,571	105,259,292	104,174,654	102,275,969	101,392,812	102,915,892
Amount.....	2,813,826,386	4,136,119,714	4,544,242,424	4,268,506,425	4,096,127,651	4,200,218,439	4,649,039,200
<b>Income tax before credits:</b> <sup>28, 29</sup>							
Number of returns.....	94,497,909	102,834,362	105,277,966	104,195,834	102,293,722	101,412,777	102,922,519
Amount.....	596,168,654	906,811,755	1,018,218,948	933,567,474	836,842,718	790,005,881	881,808,770
<b>Tax credits:</b>							
Number of returns..... <sup>30, 31</sup>	15,240,064	36,621,595	37,736,095	49,792,710	40,614,049	41,091,029	41,868,743
Total amount..... <sup>30, 31</sup>	10,040,198	35,892,344	37,722,293	45,631,198	39,862,411	41,995,756	51,389,855
Child care credit:							
Number of returns.....	5,964,253	6,182,193	6,368,101	6,184,507	6,185,855	6,313,297	6,400,794
Amount.....	2,517,962	2,675,147	2,793,860	2,721,061	2,706,539	3,206,890	3,380,224
Credit for the elderly or disabled:							
Number of returns.....	251,524	181,813	155,796	139,097	133,538	123,147	107,271
Amount.....	48,028	33,629	32,608	30,496	21,119	20,257	18,292
Child tax credit: <sup>32</sup>							
Number of returns.....	N/A	26,016,019	26,404,521	26,452,875	25,939,801	25,672,254	26,070,095
Amount.....	N/A	19,398,625	19,689,359	22,427,229	21,520,271	22,788,025	32,426,392
Education credits:							
Number of returns.....	N/A	6,436,654	6,815,316	7,212,554	6,475,134	7,298,227	7,253,234
Amount.....	N/A	4,772,443	4,851,178	5,156,254	4,882,853	5,843,029	6,076,920

See notes at end of this section.



## Selected Historical and Other Data

**Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1995-2004**  
--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	1995	1999	2000	2001	2002	2003	2004p
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Tax credits--continued</b>							
Retirement savings contributions credit:							
Number of returns.....	N/A	N/A	N/A	N/A	5,307,176	5,296,688	5,361,813
Amount.....	N/A	N/A	N/A	N/A	1,058,219	1,034,394	1,026,889
Foreign tax credit:							
Number of returns.....	1,730,566	3,266,544	3,935,699	3,942,604	3,748,974	4,145,174	4,696,787
Amount.....	2,965,313	4,941,010	5,990,360	6,254,559	5,933,600	5,805,555	5,754,318
General business credit:							
Number of returns.....	267,527	287,658	275,116	269,648	284,720	262,738	230,905
Amount.....	702,906	783,920	764,253	713,974	750,855	612,744	507,705
<b>Income tax after credits:</b> <sup>28</sup>							
Number of returns.....	89,233,118	94,511,758	96,815,794	94,763,163	90,963,775	88,921,898	89,206,556
Amount.....	586,128,456	870,919,411	980,496,655	887,936,276	796,980,307	748,010,125	830,418,915
<b>Total income tax:</b> <sup>33</sup>							
Number of returns.....	89,252,989	94,546,080	96,817,602	94,763,530	90,963,896	88,921,904	89,206,556
Amount.....	588,419,030	877,401,489	980,645,201	887,973,968	796,986,268	748,017,488	830,419,041
Alternative minimum tax: <sup>34</sup>							
Number of returns.....	414,106	1,018,063	1,304,198	1,120,047	1,910,789	2,357,975	3,132,706
Amount.....	2,290,576	6,477,697	9,600,840	6,756,705	6,853,901	9,469,803	12,062,016
<b>Earned income credit:</b> <sup>35</sup>							
Number of returns.....	19,334,397	19,258,715	19,277,225	19,593,122	21,703,187	22,024,227	22,479,207
Amount.....	25,955,575	31,901,107	32,296,341	33,375,971	38,198,572	38,657,067	40,616,952
Used to offset income tax before credits:							
Number of returns.....	7,850,841	5,352,300	5,416,246	4,412,721	4,168,977	3,606,251	2,988,349
Amount.....	3,145,736	1,918,065	1,968,680	1,470,200	1,114,948	926,381	772,269
Used to offset other taxes:							
Number of returns.....	2,909,053	3,137,122	3,147,876	3,506,426	4,106,193	4,401,160	4,680,510
Amount.....	1,980,998	2,378,860	2,523,703	2,862,938	3,346,682	3,718,355	4,045,464
Excess earned income credit (refundable):							
Number of returns.....	15,177,901	16,049,812	16,125,542	16,631,224	18,780,033	19,162,460	19,674,899
Amount.....	20,828,840	27,604,182	27,803,959	29,042,833	33,736,942	34,012,332	35,799,219
<b>Tax payments, total:</b>							
Number of returns..... <sup>36</sup>	111,098,864	119,809,259	122,243,874	123,451,339	120,083,021	123,461,513	125,363,566
Amount..... <sup>36</sup>	670,131,074	981,100,157	1,084,868,447	1,076,500,696	953,697,397	974,543,079	1,007,623,935
Income tax withheld: <sup>37</sup>							
Number of returns.....	102,436,220	111,193,931	113,733,442	114,798,386	114,861,744	114,861,706	116,879,018
Amount.....	495,484,153	695,526,980	763,901,388	773,325,891	717,492,263	703,758,484	746,802,522
Excess Social Security tax withheld:							
Number of returns.....	1,033,189	1,377,613	1,640,582	1,436,746	1,145,352	1,121,141	1,244,015
Amount.....	1,081,454	1,712,649	2,184,849	1,915,349	1,564,478	1,566,411	1,731,843
Estimated tax payments: <sup>38</sup>							
Number of returns.....	11,903,592	13,169,356	13,326,669	13,167,855	12,434,579	11,576,213	10,888,906
Amount.....	122,489,252	196,915,946	221,621,893	220,195,712	198,177,595	182,906,911	176,626,529
Payments with requests for extension of filing time: <sup>39</sup>							
Number of returns.....	1,368,994	1,510,206	1,610,937	1,448,214	1,235,156	1,333,579	935,855
Amount.....	24,929,343	53,984,319	63,396,711	42,495,018	36,321,934	38,303,188	27,170,029
<b>Tax due at time of filing:</b>							
Number of returns.....	29,734,331	29,200,902	30,624,423	24,581,130	22,818,761	21,072,333	24,204,175
Amount.....	71,153,015	119,091,512	134,944,362	91,822,703	82,287,723	73,741,408	112,251,285
<b>Tax overpayments, total:</b> <sup>40</sup>							
Number of returns.....	85,348,771	94,827,237	95,921,082	102,310,896	103,462,884	105,361,848	104,189,272
Amount.....	119,462,121	182,049,186	196,198,780	236,982,082	239,784,002	254,553,541	242,866,347
Overpayment refunds:							
Number of returns.....	82,744,440	91,600,741	93,000,030	99,011,975	100,143,606	102,004,984	101,415,475
Amount.....	104,537,379	155,513,635	167,577,365	202,274,032	205,987,348	219,751,889	220,893,024

See notes at end of this section.

## Selected Historical and Other Data

**Table 3.--Number of Individual Income Tax Returns, Income, Exemptions and Deductions, Tax, and Average Tax, by Size of Adjusted Gross Income, Tax Years 2002-2004**

[All figures are estimates based on samples--money amounts are in thousands of dollars except as indicated]

Size of adjusted gross income	Number of returns			Adjusted gross income or deficit		
	2002	2003	2004p	2002	2003	2004p
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total .....</b>	<b>130,076,443</b>	<b>130,423,626</b>	<b>132,384,919</b>	<b>6,033,585,532</b>	<b>6,207,108,793</b>	<b>6,764,907,485</b>
No adjusted gross income <sup>12</sup> .....	1,752,457	1,813,840	1,791,899	-80,192,750	-80,477,587	- 68,055,511
\$1 under \$1,000 <sup>2</sup> .....	1,812,110	1,710,663	1,737,363	1,028,189	954,013	977,325
\$1,000 under \$3,000 <sup>2</sup> .....	4,832,988	4,899,842	4,782,084	9,835,110	9,777,515	9,736,088
\$3,000 under \$5,000 <sup>2</sup> .....	5,163,776	5,087,124	5,098,749	20,664,036	20,307,229	20,364,130
\$5,000 under \$7,000 .....	5,019,326	5,064,951	4,800,118	30,092,034	30,293,817	28,782,479
\$7,000 under \$9,000 .....	4,977,282	5,103,627	5,037,399	39,783,173	40,745,684	40,195,148
\$9,000 under \$11,000 .....	5,061,799	4,972,862	4,839,303	50,702,341	49,836,139	48,471,651
\$11,000 under \$13,000 .....	4,748,173	4,644,450	4,639,113	56,974,191	55,628,362	55,553,629
\$13,000 under \$15,000 .....	4,808,347	4,719,522	4,589,365	67,289,532	66,114,003	64,223,424
\$15,000 under \$17,000 .....	4,632,156	4,655,029	4,638,551	74,014,744	74,401,429	74,163,354
\$17,000 under \$19,000 .....	4,508,626	4,459,546	4,518,484	81,156,450	80,240,246	81,351,605
\$19,000 under \$22,000 .....	6,522,571	6,318,493	6,165,976	133,706,690	129,399,460	126,106,609
\$22,000 under \$25,000 .....	5,650,213	5,692,051	5,729,491	132,575,256	133,640,924	134,431,412
\$25,000 under \$30,000 .....	8,574,575	8,541,753	8,528,205	234,951,863	234,588,964	233,991,303
\$30,000 under \$40,000 .....	13,980,104	13,957,258	13,968,754	485,696,239	484,774,627	484,573,265
\$40,000 under \$50,000 .....	10,550,457	10,452,445	10,567,290	472,821,957	467,518,980	473,209,704
\$50,000 under \$75,000 .....	17,396,916	17,372,492	18,050,157	1,066,616,794	1,065,749,827	1,109,673,871
\$75,000 under \$100,000 .....	9,247,839	9,542,599	10,145,461	794,489,072	820,884,076	874,895,201
\$100,000 under \$200,000 .....	8,422,603	8,878,643	9,750,175	1,109,689,065	1,170,179,856	1,291,061,589
\$200,000 under \$500,000 .....	1,908,466	1,999,016	2,335,796	548,814,753	576,309,296	674,167,510
\$500,000 under \$1,000,000 .....	336,684	356,140	434,250	227,044,247	241,211,330	293,833,283
\$1,000,000 under \$1,500,000 .....	78,121	81,695	102,140	94,072,610	98,875,460	123,663,462
\$1,500,000 under \$2,000,000 .....	31,316	34,016	44,480	53,782,124	58,497,902	76,742,729
\$2,000,000 under \$5,000,000 .....	44,205	48,278	65,148	130,305,117	142,219,690	192,894,411
\$5,000,000 under \$10,000,000 .....	10,026	11,168	15,646	68,251,296	76,311,438	107,431,366
\$10,000,000 or more .....	5,309	6,126	9,521	129,421,398	159,126,112	212,468,447

Size of adjusted gross income	Personal exemptions and total deductions			Taxable income <sup>3</sup>		
	2002	2003	2004p	2002	2003	2004p
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Total .....</b>	<b>2,151,555,282</b>	<b>2,238,949,953</b>	<b>2,339,651,868</b>	<b>4,096,127,651</b>	<b>4,200,218,439</b>	<b>4,649,039,200</b>
No adjusted gross income <sup>12</sup> .....	8,370,181	8,675,128	9,036,636	--	--	--
\$1 under \$1,000 <sup>2</sup> .....	8,855,810	9,910,991	10,505,882	9,896	8,626	9,429
\$1,000 under \$3,000 <sup>2</sup> .....	28,389,468	31,077,061	30,200,427	353,201	276,350	270,489
\$3,000 under \$5,000 <sup>2</sup> .....	39,960,916	41,910,540	41,409,064	395,581	333,635	331,245
\$5,000 under \$7,000 .....	45,600,646	47,745,987	45,183,526	2,025,806	1,876,190	1,785,967
\$7,000 under \$9,000 .....	50,502,811	53,643,139	53,025,097	3,745,836	3,568,174	3,392,958
\$9,000 under \$11,000 .....	56,969,639	56,589,271	56,025,413	7,217,563	7,286,496	6,655,873
\$11,000 under \$13,000 .....	54,002,395	54,874,304	56,884,618	11,611,674	10,881,335	10,355,915
\$13,000 under \$15,000 .....	57,353,476	57,758,092	57,890,926	16,184,372	16,085,533	14,592,550
\$15,000 under \$17,000 .....	55,605,184	59,112,693	60,252,098	21,888,062	20,146,006	19,894,912
\$17,000 under \$19,000 .....	56,509,518	58,750,540	59,846,809	27,351,521	25,175,830	25,195,869
\$19,000 under \$22,000 .....	83,630,471	84,710,975	84,436,269	52,623,811	47,896,951	45,389,919
\$22,000 under \$25,000 .....	74,641,180	78,328,558	79,687,330	59,627,203	57,639,442	56,787,381
\$25,000 under \$30,000 .....	115,640,897	122,775,717	123,021,834	121,068,620	114,185,800	113,197,102
\$30,000 under \$40,000 .....	203,827,001	213,265,987	216,113,798	284,041,793	273,848,438	270,428,222
\$40,000 under \$50,000 .....	176,949,588	181,704,244	184,439,763	296,662,439	286,911,458	290,287,638
\$50,000 under \$75,000 .....	350,940,396	359,053,564	382,062,150	716,811,409	707,527,353	729,792,369
\$75,000 under \$100,000 .....	233,730,324	244,048,161	263,051,780	561,237,747	577,227,012	612,408,468
\$100,000 under \$200,000 .....	277,447,089	295,030,870	326,046,817	832,980,233	875,871,197	966,860,919
\$200,000 under \$500,000 .....	91,780,608	93,872,172	109,156,597	457,567,015	482,851,392	565,439,464
\$500,000 under \$1,000,000 .....	28,020,122	28,534,605	31,414,534	199,225,455	212,835,816	262,517,077
\$1,000,000 under \$1,500,000 .....	10,634,396	10,580,317	11,536,390	83,569,923	88,369,158	112,143,335
\$1,500,000 under \$2,000,000 .....	5,776,814	6,038,155	6,888,797	48,059,469	52,503,976	69,862,468
\$2,000,000 under \$5,000,000 .....	13,542,781	14,117,760	15,299,127	116,903,427	128,218,696	177,646,844
\$5,000,000 under \$10,000,000 .....	7,027,686	7,809,742	8,260,358	61,268,835	68,513,593	99,234,073
\$10,000,000 or more .....	15,845,882	19,031,382	17,975,828	113,696,760	140,179,982	194,558,715

See notes at end of this section.

## Selected Historical and Other Data

**Table 3.--Number of Individual Income Tax Returns, Income, Exemptions and Deductions, Tax, and Average Tax, by Size of Adjusted Gross Income, Tax Years 2002-2004--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars except as indicated]

Size of adjusted gross income	Total income tax			Percentage of returns showing no total income tax		
	2002	2003	2004p	2002	2003	2004p
	(13)	(14)	(15)	(16)	(17)	(18)
<b>Total .....</b>	<b>796,986,268</b>	<b>748,017,488</b>	<b>830,419,041</b>	<b>30.1</b>	<b>31.8</b>	<b>32.6</b>
No adjusted gross income <sup>12</sup> .....	124,380	78,578	47,812	99.7	99.8	99.8
\$1 under \$1,000 <sup>2</sup> .....	898	16,345	703	95.4	95.8	95.3
\$1,000 under \$3,000 <sup>2</sup> .....	39,664	25,999	20,924	91.2	92.6	92.6
\$3,000 under \$5,000 <sup>2</sup> .....	43,481	30,614	30,722	89.9	92.1	94.2
\$5,000 under \$7,000 .....	215,288	187,811	170,107	70.4	72.3	69.9
\$7,000 under \$9,000 .....	352,620	334,350	311,706	68.3	70.6	72.3
\$9,000 under \$11,000 .....	642,801	630,750	553,973	51.0	49.8	53.6
\$11,000 under \$13,000 .....	1,090,930	971,360	917,560	47.8	49.6	51.2
\$13,000 under \$15,000 .....	1,470,430	1,406,837	1,252,324	49.9	48.7	51.6
\$15,000 under \$17,000 .....	2,085,024	1,785,236	1,743,469	39.7	47.7	49.2
\$17,000 under \$19,000 .....	2,633,409	2,245,211	2,263,490	38.4	43.1	42.9
\$19,000 under \$22,000 .....	4,944,001	4,367,181	3,988,307	58.8	39.8	41.5
\$22,000 under \$25,000 .....	5,648,796	5,281,191	5,079,188	35.4	36.3	38.1
\$25,000 under \$30,000 .....	12,329,287	11,036,040	10,674,634	23.8	28.7	31.4
\$30,000 under \$40,000 .....	32,654,711	29,737,819	28,304,038	10.9	15.1	18.9
\$40,000 under \$50,000 .....	38,114,016	34,635,213	33,886,311	4.9	7.5	10.4
\$50,000 under \$75,000 .....	101,820,331	94,256,193	92,801,018	1.3	2.0	3.8
\$75,000 under \$100,000 .....	93,655,145	84,253,116	85,685,277	0.4	0.6	1.0
\$100,000 under \$200,000 .....	175,140,747	163,342,407	176,172,526	0.2	0.2	0.1
\$200,000 under \$500,000 .....	124,764,596	120,711,552	139,557,079	0.1	0.1	0.1
\$500,000 under \$1,000,000 .....	63,370,780	60,180,642	72,119,837	0.1	0.1	0.1
\$1,000,000 under \$1,500,000 .....	27,479,397	25,551,466	30,962,223	0.2	0.1	0.1
\$1,500,000 under \$2,000,000 .....	15,890,811	15,316,006	19,446,875	0.2	0.1	0.1
\$2,000,000 under \$5,000,000 .....	38,692,291	36,905,426	49,055,760	0.1	0.1	0.1
\$5,000,000 under \$10,000,000 .....	20,044,370	19,313,636	26,538,674	0.2	0.1	(4)
\$10,000,000 or more .....	33,738,065	35,416,509	48,834,502	0.2	0.2	(4)

Size of adjusted gross income	Returns showing total income tax					
	Average tax (whole dollars)			Tax as a percentage of AGI		
	2002	2003	2004p	2002	2003	2004p
	(19)	(20)	(21)	(22)	(23)	(24)
<b>Total .....</b>	<b>8,762</b>	<b>8,412</b>	<b>9,309</b>	<b>14.1</b>	<b>13.0</b>	<b>13.3</b>
No adjusted gross income <sup>12</sup> .....	26,274	17,377	11,911	(5)	(5)	(5)
\$1 under \$1,000 <sup>2</sup> .....	11	229	9	1.2	26.7	0.9
\$1,000 under \$3,000 <sup>2</sup> .....	94	72	59	4.8	4.0	3.1
\$3,000 under \$5,000 <sup>2</sup> .....	84	76	104	1.9	1.7	2.4
\$5,000 under \$7,000 .....	145	134	118	2.4	2.3	2.0
\$7,000 under \$9,000 .....	224	223	223	2.7	2.7	2.7
\$9,000 under \$11,000 .....	259	253	247	2.6	2.5	2.5
\$11,000 under \$13,000 .....	441	415	405	3.7	3.5	3.4
\$13,000 under \$15,000 .....	611	582	564	4.4	4.1	4.0
\$15,000 under \$17,000 .....	747	733	740	4.7	4.6	4.6
\$17,000 under \$19,000 .....	948	884	877	5.3	4.9	4.9
\$19,000 under \$22,000 .....	1,214	1,149	1,105	5.9	5.6	5.4
\$22,000 under \$25,000 .....	1,548	1,457	1,432	6.6	6.2	6.1
\$25,000 under \$30,000 .....	1,886	1,812	1,825	6.9	6.6	6.6
\$30,000 under \$40,000 .....	2,622	2,508	2,499	7.5	7.2	7.2
\$40,000 under \$50,000 .....	3,800	3,582	3,578	8.5	8.0	8.0
\$50,000 under \$75,000 .....	5,931	5,536	5,344	9.7	9.0	8.7
\$75,000 under \$100,000 .....	10,169	8,882	8,527	11.8	10.3	9.9
\$100,000 under \$200,000 .....	20,831	18,432	18,091	15.8	14.0	13.7
\$200,000 under \$500,000 .....	65,452	60,453	59,801	22.8	21.0	20.7
\$500,000 under \$1,000,000 .....	188,463	169,166	166,196	27.9	25.0	24.6
\$1,000,000 under \$1,500,000 .....	352,318	313,177	303,304	29.3	25.9	25.1
\$1,500,000 under \$2,000,000 .....	508,213	450,683	437,490	29.6	26.2	25.4
\$2,000,000 under \$5,000,000 .....	876,541	765,117	753,371	29.7	26.0	25.4
\$5,000,000 under \$10,000,000 .....	2,003,435	1,730,613	1,696,738	29.4	25.3	24.7
\$10,000,000 or more .....	6,370,481	5,792,690	5,129,136	26.1	22.4	23.0

See notes at end of this section.

## Selected Historical and Other Data

**Table 4.--Comparison of Personal Income in the National Income and Product Accounts (NIPA) with Adjusted Gross Income (AGI), for Specified Tax Years, 1985-2003**

[All figures are estimates--money amounts are in billions of dollars]

Income and adjustment items	1985	1990	1995	2000	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Personal income (per NIPA) <sup>1</sup></b> .....	<b>3,526.7</b>	<b>4,878.6</b>	<b>6,152.3</b>	<b>8,429.7</b>	<b>8,881.9</b>	<b>9,169.1</b>
<b>Less: Portion of personal income not included in AGI</b> .....	<b>1,248.2</b>	<b>1,669.9</b>	<b>2,234.2</b>	<b>2,971.3</b>	<b>3,243.9</b>	<b>3,359.9</b>
Nontaxable transfer payments.....	401.9	551.2	797.5	962.0	1,126.5	1,180.1
Employer contributions to employee pension and insurance funds.....	281.5	377.8	493.6	609.9	745.1	830.0
Imputed income <sup>2</sup> .....	84.9	114.1	186.7	265.8	294.8	271.8
Investment income of life insurance carriers and pension plans .....	204.2	304.2	369.1	497.3	432.0	421.8
Investment income received by nonprofit institutions or retained by fiduciaries.....	37.5	51.6	60.0	75.6	60.0	57.8
Net differences in accounting treatment (NIPA vs. IRS) .....	83.4	110.4	83.8	159.4	146.0	127.2
Other excluded or tax-exempt income .....	154.8	160.6	243.4	401.4	439.5	471.3
<b>Plus: Portion of AGI not included in personal income</b> .....	<b>353.1</b>	<b>589.7</b>	<b>841.7</b>	<b>1,667.1</b>	<b>1,338.9</b>	<b>1,439.6</b>
Personal contributions for social insurance .....	133.6	203.7	268.8	359.2	384.8	396.6
Net gain from the sale of assets.....	69.8	115.7	167.4	645.4	236.4	294.0
Taxable pensions .....	145.0	215.9	293.2	414.2	462.7	488.9
Small business corporation income.....	6.3	36.4	79.2	128.2	138.5	148.6
Other types of income.....	-1.7	18.1	33.2	120.0	116.5	111.5
<b>Equals: BEA-derived adjusted gross income</b> .....	<b>2,631.6</b>	<b>3,798.4</b>	<b>4,759.8</b>	<b>7,125.4</b>	<b>6,976.8</b>	<b>7,248.8</b>
<b>Adjusted gross income, IRS</b> .....	<b>2,306.0</b>	<b>3,405.4</b>	<b>4,189.4</b>	<b>6,365.4</b>	<b>6,033.6</b>	<b>6,207.1</b>
<b>Adjusted gross income (AGI) gap <sup>3</sup></b> .....	<b>325.6</b>	<b>393.0</b>	<b>570.4</b>	<b>760.1</b>	<b>943.2</b>	<b>1,041.7</b>
<b>AGI gap as a percentage of</b>						
BEA-derived AGI .....	12.4	10.3	12.0	10.7	13.5	14.4
<b>AGI of IRS as a percentage of</b>						
BEA-derived AGI .....	87.6	89.7	88.0	89.3	86.5	85.6

See notes at end of this section.

## Selected Historical and Other Data

**Table 5.--Personal Income and Total Adjusted Gross Income Based on Individual Income Tax Returns per National Income and Product Accounts (NIPA), Tax Years 1950-2003**

[All figures are estimates--money amounts are in billions of dollars]

Tax year	Personal income (per NIPA) <sup>1,2</sup>	Total adjusted gross income (AGI) (per NIPA) <sup>1,2,3</sup>	Difference	
			Amount <sup>2,3</sup>	Percentage of personal income <sup>2,3</sup>
	(1)	(2)	(3)	(4)
1950.....	229.0	202.5	26.5	11.6
1951.....	258.0	229.3	28.7	11.1
1952.....	275.4	241.6	33.8	12.3
1953.....	291.9	256.1	35.8	12.3
1954.....	294.5	257.3	37.2	12.6
1955.....	316.1	278.7	37.4	11.8
1956.....	339.6	299.4	40.2	11.8
1957.....	358.7	312.6	46.1	12.9
1958.....	369.0	315.8	53.2	14.4
1959.....	392.8	341.8	51.0	13.0
1960.....	411.5	354.0	57.5	14.0
1961.....	429.0	368.0	61.0	14.2
1962.....	456.7	390.0	66.7	14.6
1963.....	479.6	411.0	68.6	14.3
1964.....	514.6	443.9	70.7	13.7
1965.....	555.7	480.6	75.1	13.5
1966.....	603.9	521.2	82.7	13.7
1967.....	648.3	551.3	97.0	15.0
1968.....	712.0	605.6	106.4	14.9
1969.....	778.5	659.8	118.7	15.2
1970.....	838.8	696.4	142.4	17.0
1971.....	903.5	742.8	160.7	17.8
1972.....	992.7	824.5	168.2	16.9
1973.....	1,110.7	925.0	185.7	16.7
1974.....	1,222.6	1,003.5	219.1	17.9
1975.....	1,335.0	1,046.8	288.2	21.6
1976.....	1,474.8	1,168.0	306.8	20.8
1977.....	1,633.2	1,296.1	337.1	20.6
1978.....	1,837.7	1,466.4	371.3	20.2
1979.....	2,062.2	1,654.1	408.1	19.8
1980.....	2,307.9	1,830.3	477.6	20.7
1981.....	2,591.3	2,016.3	575.0	22.2
1982.....	2,775.3	2,098.6	676.7	24.4
1983.....	2,960.7	2,225.6	735.1	24.8
1984.....	3,289.5	2,472.6	816.9	24.8
1985.....	3,526.7	2,631.6	895.1	25.4
1986.....	3,722.4	2,853.2	869.2	23.4
1987.....	3,947.4	3,121.1	826.3	20.9
1988.....	4,253.7	3,411.9	841.8	19.8
1989.....	4,587.8	3,649.7	938.1	20.4
1990.....	4,878.6	3,798.4	1,080.2	22.1
1991.....	5,051.0	3,856.8	1,194.2	23.6
1992.....	5,362.0	4,092.0	1,270.0	23.7
1993.....	5,558.5	4,245.4	1,313.1	23.6
1994.....	5,842.5	4,473.7	1,368.8	23.4
1995.....	6,152.3	4,759.8	1,392.5	22.6
1996.....	6,520.6	5,144.5	1,376.1	21.1
1997.....	6,915.1	5,578.0	1,337.1	19.3
1998.....	7,423.0	6,120.2	1,302.8	17.6
1999.....	7,802.4	6,553.5	1,248.9	16.0
2000.....	8,429.7	7,125.4	1,304.3	15.5
2001.....	8,724.1	7,005.0	1,719.1	19.7
2002.....	8,878.9	6,976.8	1,902.1	21.4
2003.....	9,169.1	7,248.8	1,920.3	20.9

See notes at end of this section.

## Selected Historical and Other Data

**Table 6.--Total Adjusted Gross Income Estimated from National Income and Product Accounts (NIPA) and as Reported on Individual Income Tax Returns per Statistics of Income (SOI), Tax Years 1950-2003**

[All figures are estimates--money amounts are in billions of dollars]

Tax year	Adjusted gross income (AGI)		Difference	
	Total (per NIPA) <sup>2</sup>	Reported on tax returns (per SOI)	Amount <sup>3</sup>	Percentage of total (per NIPA) <sup>3</sup>
	(1)	(2)	(3)	(4)
1950.....	202.5	179.1	23.4	11.6
1951.....	229.3	202.3	27.0	11.8
1952.....	241.6	215.3	26.3	10.9
1953.....	256.1	228.7	27.4	10.7
1954.....	257.3	229.2	28.1	10.9
1955.....	278.7	248.5	30.2	10.8
1956.....	299.4	267.7	31.7	10.6
1957.....	312.6	280.3	32.3	10.3
1958.....	315.8	281.2	34.6	11.0
1959.....	341.8	305.1	36.7	10.7
1960.....	354.0	315.5	38.5	10.9
1961.....	368.0	329.9	38.1	10.4
1962.....	390.0	348.7	41.3	10.6
1963.....	411.0	368.8	42.2	10.3
1964.....	443.9	396.7	47.2	10.6
1965.....	480.6	429.2	51.4	10.7
1966.....	521.2	468.5	52.7	10.1
1967.....	551.3	504.8	46.5	8.4
1968.....	605.6	554.4	51.2	8.5
1969.....	659.8	603.5	56.3	8.5
1970.....	696.4	631.7	64.7	9.3
1971.....	742.8	673.6	69.2	9.3
1972.....	824.5	746.0	78.5	9.5
1973.....	925.0	827.1	97.9	10.6
1974.....	1,003.5	905.5	98.0	9.8
1975.....	1,046.8	947.8	99.0	9.5
1976.....	1,168.0	1,053.9	114.1	9.8
1977.....	1,296.1	1,158.5	137.6	10.6
1978.....	1,466.4	1,302.4	164.0	11.2
1979.....	1,654.1	1,465.4	188.7	11.4
1980.....	1,830.3	1,613.7	216.6	11.8
1981.....	2,016.3	1,772.6	243.7	12.1
1982.....	2,098.6	1,852.1	246.5	11.7
1983.....	2,225.6	1,942.6	283.0	12.7
1984.....	2,472.6	2,139.9	332.7	13.5
1985.....	2,631.6	2,306.0	325.6	12.4
1986.....	2,853.2	2,481.7	371.5	13.0
1987.....	3,121.1	2,773.8	347.3	11.1
1988.....	3,411.9	3,083.0	328.9	9.6
1989.....	3,649.7	3,256.4	393.3	10.8
1990.....	3,798.4	3,405.4	393.0	10.3
1991.....	3,856.8	3,464.5	392.3	10.2
1992.....	4,092.0	3,629.1	462.9	11.3
1993.....	4,245.4	3,723.3	522.1	12.3
1994.....	4,473.7	3,907.5	566.2	12.7
1995.....	4,759.8	4,189.4	570.4	12.0
1996.....	5,144.5	4,536.0	608.5	11.8
1997.....	5,578.0	4,969.9	608.1	10.9
1998.....	6,120.2	5,416.0	704.2	11.5
1999.....	6,553.5	5,855.5	698.0	10.7
2000.....	7,125.4	6,365.4	760.0	10.7
2001.....	7,005.0	6,170.6	834.4	11.9
2002.....	6,976.8	6,033.6	943.2	13.5
2003.....	7,248.8	6,207.1	1,041.7	14.4

See notes at end of this section.



## Selected Historical and Other Data

**Table 7.--Standard, Itemized, and Total Deductions Reported on Individual Income Tax Returns, Tax Years 1950-2004**

[All figures are estimates based on samples--number of returns is in millions; money amounts are in billions of dollars]

Tax year	Total number of returns	Total deductions		Standard deduction		Itemized deductions	
		Amount <sup>1</sup>	As a percentage of adjusted gross income (AGI) <sup>2</sup>	Number of returns <sup>3</sup>	Amount <sup>4</sup>	Number of returns <sup>3</sup>	Amount <sup>5</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1950.....	53.1	21.9	12.2	42.7	12.0	10.3	9.9
1951.....	55.4	25.2	12.5	43.9	13.3	11.6	11.9
1952.....	56.5	27.3	12.7	43.7	13.7	12.8	13.6
1953.....	57.8	29.8	13.0	43.4	14.2	14.4	15.6
1954.....	56.7	30.7	13.4	41.0	13.3	15.7	17.4
1955.....	58.3	33.6	13.5	40.9	13.6	16.9	20.0
1956.....	59.2	36.4	13.6	40.3	13.8	18.5	22.6
1957.....	59.8	39.5	14.1	39.3	13.8	20.2	25.7
1958.....	59.1	40.7	14.5	37.9	13.2	20.8	27.5
1959.....	60.3	45.4	14.9	37.3	13.4	22.5	32.0
1960.....	61.0	48.4	15.3	36.5	13.1	24.1	35.3
1961.....	61.5	51.3	15.6	35.8	12.9	25.3	38.4
1962.....	62.7	54.8	15.7	35.8	13.1	26.5	41.7
1963.....	63.9	59.2	16.1	35.4	13.1	28.2	46.1
1964.....	65.4	67.0	16.9	38.0	20.2	26.9	46.8
1965.....	67.6	71.4	16.6	39.3	20.6	27.9	50.7
1966.....	70.2	76.4	16.3	41.2	21.8	28.6	54.6
1967.....	71.7	81.7	16.2	41.5	22.1	29.8	59.6
1968.....	73.7	91.3	16.5	41.3	22.1	32.0	69.2
1969.....	75.8	101.8	16.9	40.5	21.6	34.9	80.2
1970.....	74.3	120.5	19.1	38.4	32.4	35.4	88.2
1971.....	74.6	139.9	20.8	43.5	48.1	30.7	91.9
1972.....	77.6	166.4	22.3	50.2	69.8	27.0	96.7
1973.....	80.7	180.6	21.8	52.2	73.6	28.0	107.0
1974.....	83.3	195.5	21.6	53.2	76.1	29.6	119.4
1975.....	82.2	233.2	24.6	55.5	100.9	26.1	122.3
1976.....	84.7	247.6	23.5	58.2	113.8	26.0	133.9
1977.....	86.6	276.2	23.8	58.8	137.7	22.9	138.5
1978.....	89.8	304.3	23.4	59.5	139.8	25.8	164.4
1979.....	92.7	333.0	22.7	60.7	148.8	26.5	184.2
1980.....	93.9	364.0	22.6	59.5	146.0	29.0	218.0
1981.....	95.4	401.2	22.6	58.7	144.7	31.6	256.4
1982.....	95.3	425.2	23.0	56.9	140.2	33.4	284.5
1983.....	96.3	448.7	23.1	56.2	138.5	35.2	309.6
1984.....	99.4	499.6	23.3	56.7	139.5	38.2	358.9
1985.....	101.7	554.7	24.1	57.0	145.0	39.8	405.0
1986.....	103.0	611.3	24.6	56.5	151.0	40.7	447.1
1987.....	107.0	607.2	21.9	69.1	215.2	35.6	392.0
1988.....	109.7	686.0	22.3	76.5	289.6	31.9	395.2
1989.....	112.1	740.4	22.7	79.3	309.4	32.0	431.0
1990.....	113.7	789.9	23.2	80.6	331.5	32.2	458.5
1991.....	114.7	818.8	23.6	81.3	351.1	32.5	467.7
1992.....	113.6	848.5	23.4	80.1	366.5	32.5	481.9
1993.....	114.6	872.5	23.4	80.8	382.1	32.8	490.4
1994.....	115.9	890.8	22.8	81.9	397.1	33.0	493.7
1995.....	118.2	941.0	22.5	83.2	413.6	34.0	527.4
1996.....	120.4	998.6	22.0	84.0	426.1	35.4	572.5
1997.....	122.4	1,062.5	21.4	84.8	441.7	36.6	620.8
1998.....	124.8	1,135.9	21.0	85.6	459.5	38.2	676.5
1999.....	127.1	1,205.3	20.6	85.8	464.0	40.2	741.4
2000.....	129.4	1,293.2	20.3	85.7	470.8	42.5	822.4
2001.....	130.3	1,366.4	22.1	84.2	467.0	44.6	884.5
2002.....	130.1	1,390.1	23.0	82.7	477.2	45.6	898.0
2003.....	130.4	1,457.6	23.5	84.6	539.9	43.9	901.9
p 2004.....	132.4	1,536.3	22.7	84.4	548.5	46.2	971.7

See notes at end of this section.

## Selected Historical and Other Data

**Table 8.--Personal Income per National Income and Product Accounts (NIPA), and Taxable Income and Individual Income Tax per SOI, Tax Years 1950-2003**

[All figures are estimates--money amounts are in billions of dollars]

Tax year	Personal income (per NIPA) <sup>1,2</sup>	Taxable income (per SOI) <sup>3</sup>		Total income tax (per SOI) <sup>3</sup>		
		Amount	As a percentage of personal income	Amount	As a percentage of--	
					Personal income	Taxable income
	(1)	(2)	(3)	(4)	(5)	(6)
1950.....	229.0	84.3	36.8	18.4	8.0	21.8
1951.....	258.0	99.2	38.4	24.2	9.4	24.4
1952.....	275.4	107.2	38.9	27.8	10.1	25.9
1953.....	291.9	114.3	39.2	29.4	10.1	25.7
1954.....	294.5	115.3	39.2	26.7	9.1	23.2
1955.....	316.1	128.0	40.5	29.6	9.4	23.1
1956.....	339.6	141.5	41.7	32.7	9.6	23.1
1957.....	358.7	149.4	41.7	34.4	9.6	23.0
1958.....	369.0	149.3	40.5	34.3	9.3	23.0
1959.....	392.8	166.5	42.4	38.6	9.8	23.2
1960.....	411.5	171.6	41.7	39.5	9.6	23.0
1961.....	429.0	181.8	42.4	42.2	9.8	23.2
1962.....	456.7	195.3	42.8	44.9	9.8	23.0
1963.....	479.6	209.1	43.6	48.2	10.1	23.1
1964.....	514.6	229.9	44.7	47.2	9.2	20.5
1965.....	555.7	255.1	45.9	49.6	8.9	19.4
1966.....	603.9	286.3	47.4	56.1	9.3	19.6
1967.....	648.3	315.1	48.6	63.0	9.7	20.0
1968.....	712.0	352.8	49.6	76.7	10.8	21.7
1969.....	778.5	388.8	49.9	86.6	11.1	22.3
1970.....	838.8	401.2	47.8	83.9	10.0	20.9
1971.....	903.5	414.0	45.8	85.4	9.5	20.6
1972.....	992.7	447.6	45.1	93.6	9.4	20.9
1973.....	1,110.7	511.9	46.1	108.1	9.7	21.1
1974.....	1,222.6	573.6	46.9	123.6	10.1	21.5
1975.....	1,335.0	595.5	44.6	124.5	9.3	20.9
1976.....	1,474.8	674.9	45.8	141.8	9.6	21.0
1977.....	1,633.2	733.8	44.9	159.8	9.8	21.8
1978.....	1,837.7	846.4	46.1	188.2	10.2	22.2
1979.....	2,062.2	926.6	44.9	214.5	10.4	23.1
1980.....	2,307.9	1,045.2	45.3	250.3	10.8	23.9
1981.....	2,591.3	1,170.1	45.2	284.1	11.0	24.3
1982.....	2,775.3	1,231.9	44.4	277.6	10.0	22.5
1983.....	2,960.7	1,300.2	43.9	274.2	9.3	21.1
1984.....	3,289.5	1,447.0	44.0	301.9	9.2	20.9
1985.....	3,526.7	1,550.5	44.0	325.7	9.2	21.0
1986.....	3,722.4	1,665.6	44.7	367.3	9.9	22.1
1987.....	3,947.4	1,850.6	46.9	369.2	9.4	20.0
1988.....	4,253.7	2,070.0	48.7	412.9	9.7	19.9
1989.....	4,587.8	2,173.3	47.4	432.9	9.4	19.9
1990.....	4,878.6	2,263.7	46.4	447.1	9.2	19.8
1991.....	5,051.0	2,284.1	45.2	448.4	8.9	19.6
1992.....	5,362.0	2,395.7	44.7	476.2	8.9	19.9
1993.....	5,558.5	2,453.5	44.1	502.8	9.0	20.5
1994.....	5,842.5	2,598.0	44.5	534.9	9.2	20.6
1995.....	6,152.3	2,813.8	45.7	588.4	9.6	20.9
1996.....	6,520.6	3,089.7	47.4	658.2	10.1	21.3
1997.....	6,915.1	3,429.1	49.6	731.3	10.6	21.3
1998.....	7,423.0	3,780.8	50.9	788.5	10.6	20.9
1999.....	7,802.4	4,136.1	53.0	877.4	11.2	21.2
2000.....	8,429.7	4,544.2	53.9	980.6	11.6	21.6
2001.....	8,724.1	4,268.5	48.9	888.0	10.2	20.8
2002.....	8,881.9	4,096.1	46.1	797.0	9.0	19.5
2003.....	9,169.1	4,200.2	45.8	748.0	8.2	17.8

See notes at end of this section.

## Selected Historical and Other Data

**Table 9.--Number of Individual Income Tax Returns, by Type of Tax Settlement, Tax Years 1950-2004**

[All figures are estimates based on samples--number of returns is in millions]

Tax year	Total number of returns	Number of returns with--		
		Tax due at time of filing	Overpayments <sup>1</sup>	No overpayments or tax due at time of filing
	(1)	(2)	(3)	(4)
1950.....	53.1	14.3	32.0	6.8
1951.....	55.4	18.6	31.0	5.8
1952.....	56.5	19.3	32.1	5.1
1953.....	57.8	19.0	32.7	6.2
1954.....	56.7	16.6	35.2	5.0
1955.....	58.3	18.7	35.4	4.2
1956.....	59.2	19.4	36.1	3.7
1957.....	59.8	18.6	37.6	3.6
1958.....	59.1	18.1	37.4	3.6
1959.....	60.3	19.1	38.4	2.8
1960.....	61.0	18.1	39.4	3.5
1961.....	61.5	18.6	40.0	2.9
1962.....	62.7	18.7	40.9	3.1
1963.....	63.9	19.3	41.4	3.3
1964.....	65.4	22.5	39.3	3.5
1965.....	67.6	20.0	44.3	3.2
1966.....	70.2	17.8	49.4	3.0
1967.....	71.7	17.5	51.2	3.0
1968.....	73.7	20.3	50.6	2.8
1969.....	75.8	17.9	54.9	3.0
1970.....	74.3	16.5	55.3	2.5
1971.....	74.6	17.0	55.3	2.4
1972.....	77.6	11.9	63.3	2.3
1973.....	80.7	14.2	64.2	2.2
1974.....	83.3	15.4	65.8	2.1
1975.....	82.2	15.8	63.8	2.6
1976.....	84.7	16.9	65.0	2.8
1977.....	86.6	17.8	66.0	2.8
1978.....	89.8	21.6	65.5	2.7
1979.....	92.7	18.8	71.4	2.4
1980.....	93.9	21.8	69.9	2.3
1981.....	95.4	23.0	70.0	2.4
1982.....	95.3	20.3	72.4	2.6
1983.....	96.3	18.5	75.0	2.9
1984.....	99.4	21.2	75.6	2.7
1985.....	101.7	21.2	77.4	3.0
1986.....	103.0	21.5	78.1	3.5
1987.....	107.0	23.8	79.8	3.4
1988.....	109.7	27.2	79.1	3.4
1989.....	112.1	28.0	80.9	3.2
1990.....	113.7	27.0	83.5	3.2
1991.....	114.7	25.6	85.6	3.5
1992.....	113.6	29.0	81.0	3.6
1993.....	114.6	28.6	82.4	3.6
1994.....	115.9	27.6	85.1	3.2
1995.....	118.2	29.7	85.3	3.2
1996.....	120.4	30.6	86.5	3.3
1997.....	122.4	31.2	88.3	2.9
1998.....	124.8	28.4	93.4	3.0
1999.....	127.1	29.2	94.8	3.1
2000.....	129.4	30.6	95.9	2.9
2001.....	130.3	24.6	102.3	3.4
2002.....	130.1	22.8	103.5	3.8
2003.....	130.4	21.1	105.4	4.0
p 2004.....	132.4	24.2	104.2	4.0

See notes at end of this section.

## Selected Historical and Other Data

**Table 10.--Nonfarm Sole Proprietorship Returns: Selected Income Statement Items for Specified Income Years, 1995-2003**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	1995	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns with nonfarm business net income or deficit, total <sup>1</sup>.....</b>	<b>16,423,872</b>	<b>17,408,809</b>	<b>17,575,643</b>	<b>17,904,731</b>	<b>18,338,190</b>	<b>18,925,517</b>	<b>19,710,079</b>
Number with nonfarm business net income.....	12,213,472	13,080,498	13,165,318	13,307,842	13,603,907	13,750,798	14,447,889
<b>Number of nonfarm businesses.....</b>	<b>18,391,237</b>	<b>19,369,091</b>	<b>19,516,047</b>	<b>19,863,507</b>	<b>20,378,335</b>	<b>20,972,642</b>	<b>21,875,950</b>
<b>Business receipts, total .....</b>	<b>807,363,638</b>	<b>918,268,196</b>	<b>969,347,038</b>	<b>1,020,957,283</b>	<b>1,016,834,678</b>	<b>1,029,691,760</b>	<b>1,050,202,446</b>
Income from sales and operations .....	796,597,098	905,137,974	955,392,128	1,007,948,354	1,002,205,953	1,015,363,541	1,033,934,376
<b>Total deductions <sup>2</sup>.....</b>	<b>638,126,845</b>	<b>716,157,430</b>	<b>761,427,577</b>	<b>806,386,102</b>	<b>799,633,110</b>	<b>808,900,651</b>	<b>820,206,714</b>
Cost of goods sold.....	306,958,514	341,132,831	370,079,223	387,381,087	363,355,614	351,785,009	338,376,959
Inventory, beginning-of-year.....	31,167,684	30,801,698	31,540,485	32,412,471	34,176,255	34,291,721	34,924,642
Inventory, end-of-year.....	33,355,750	32,881,518	33,835,064	34,342,365	35,732,488	36,279,786	36,911,339
Purchases.....	219,305,493	231,404,960	255,539,328	268,789,953	246,541,135	227,085,757	218,445,328
Cost of labor.....	24,383,409	27,447,822	28,723,302	29,278,688	28,022,289	30,389,028	28,032,070
Materials and supplies .....	34,427,096	42,161,782	41,757,379	43,195,524	43,798,283	45,589,230	46,554,634
Advertising.....	8,309,645	9,413,989	9,453,659	10,148,700	10,774,079	11,237,979	12,340,084
Car and truck expenses.....	32,784,939	39,715,702	40,786,963	45,711,214	47,351,940	50,489,359	53,466,645
Commissions.....	9,591,619	10,722,131	11,228,396	11,621,490	12,130,077	14,066,786	13,502,446
Depletion.....	457,480	380,149	387,000	684,974	693,669	461,938	639,008
Depreciation .....	26,233,844	29,135,616	30,637,555	32,196,159	33,425,567	36,642,027	41,754,963
Pension and profit-sharing plans .....	649,043	756,924	870,362	892,873	991,892	1,085,247	1,182,019
Employee benefit programs.....	1,298,834	1,560,404	1,663,528	1,871,875	2,040,639	2,284,368	2,421,673
Insurance.....	12,977,567	12,938,411	13,219,821	13,623,759	14,367,018	16,004,335	17,489,210
Interest paid, total .....	10,056,583	11,159,401	11,224,488	12,232,846	12,509,547	11,439,539	10,581,245
Mortgage interest.....	4,076,344	4,882,248	4,736,127	5,250,896	5,456,226	5,006,864	4,762,929
Other interest.....	5,980,239	6,277,153	6,488,361	6,981,950	7,053,321	6,432,675	5,818,316
Legal and professional services.....	6,340,021	6,669,029	6,818,392	7,312,694	7,482,619	8,365,930	8,284,557
Meals and entertainment expenses before limitation.....	6,353,157	7,526,850	7,987,445	9,183,825	9,314,840	10,020,243	10,897,636
Meals and entertainment deduction.....	3,208,742	3,796,350	4,031,523	4,664,694	4,735,312	5,088,083	5,524,213
Office expenses.....	8,344,181	9,611,633	9,921,297	10,456,415	10,604,805	11,331,733	11,849,079
Rent paid, total .....	27,502,981	30,460,020	31,417,502	33,222,458	33,641,132	34,854,754	35,672,010
On machinery.....	6,218,381	7,545,390	8,227,000	8,880,267	8,522,008	8,543,257	8,470,304
On other business property.....	21,284,600	22,914,630	23,190,502	24,342,191	25,119,124	26,311,497	27,201,706
Repairs .....	10,171,788	11,349,751	11,697,341	12,280,525	12,129,756	12,669,141	13,221,220
Net salaries and wages (not deducted elsewhere).....	54,470,725	58,864,773	61,204,430	63,485,540	63,826,020	66,067,965	67,640,849
Supplies.....	16,902,055	19,725,440	21,654,319	21,793,962	23,074,836	24,615,763	25,507,159
Taxes paid .....	13,471,220	13,730,731	14,000,359	13,955,919	14,214,082	14,901,431	15,179,639
Travel.....	6,504,973	7,624,311	8,089,635	8,457,317	8,657,266	9,110,193	9,313,708
Utilities (including telephone) .....	17,205,789	18,431,400	18,466,170	19,381,881	20,482,680	20,674,727	21,661,093
Bad debts .....	996,588	925,866	1,111,178	983,868	1,176,324	1,055,722	n.a.
Business use of home.....	3,337,929	4,138,364	4,785,849	5,642,543	5,981,403	6,474,145	7,047,483
<b>Net income (less deficit) <sup>2</sup>.....</b>	<b>169,262,336</b>	<b>202,274,720</b>	<b>207,946,977</b>	<b>214,715,298</b>	<b>217,385,116</b>	<b>221,113,286</b>	<b>230,308,100</b>
Net income <sup>2</sup> .....	191,728,953	226,189,570	233,404,991	245,230,626	250,178,322	257,292,855	269,089,168
Deficit <sup>2</sup> .....	22,466,617	23,914,850	25,458,013	30,515,328	32,793,206	36,179,568	38,781,068

See notes at end of this section.

## Selected Historical and Other Data

**Table 11.--Partnership Returns: Selected Balance Sheet and Income Statement Items for Specified Income Years, 1995-2003**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	1995	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total number of active partnerships .....</b>	<b>1,580,900</b>	<b>1,855,348</b>	<b>1,936,919</b>	<b>2,057,500</b>	<b>2,132,117</b>	<b>2,242,169</b>	<b>2,375,375</b>
Number with net income .....	955,166	1,171,187	1,225,916	1,261,420	1,301,040	1,325,008	1,356,988
Number with balance sheets <sup>1</sup> .....	1,053,139	1,303,970	1,392,405	1,504,978	1,591,450	1,682,072	1,768,302
<b>Number of partners .....</b>	<b>15,605,686</b>	<b>15,663,372</b>	<b>15,353,154</b>	<b>13,659,967</b>	<b>14,231,604</b>	<b>14,328,108</b>	<b>14,108,458</b>
<b>Number of limited partnerships <sup>2</sup> .....</b>	<b>295,304</b>	<b>342,726</b>	<b>354,295</b>	<b>348,973</b>	<b>369,150</b>	<b>376,963</b>	<b>378,921</b>
Number of partners .....	10,223,901	9,325,111	8,944,693	6,468,292	7,023,431	6,918,515	6,262,103
<b>Number of limited liability companies <sup>2</sup> ..</b>	<b>118,559</b>	<b>470,657</b>	<b>589,403</b>	<b>718,704</b>	<b>808,692</b>	<b>946,130</b>	<b>1,091,502</b>
Number of partners <sup>2</sup> .....	712,781	1,879,382	2,256,062	2,699,227	3,231,921	3,737,899	4,226,099
<b>Total assets <sup>3</sup> .....</b>	<b>2,718,647,742</b>	<b>5,126,548,007</b>	<b>5,998,952,883</b>	<b>6,694,142,838</b>	<b>8,428,217,379</b>	<b>8,866,560,101</b>	<b>9,675,052,728</b>
Depreciable assets (net) .....	766,778,033	1,153,222,498	1,314,251,428	1,487,182,018	1,646,477,441	1,791,511,841	1,845,514,643
Inventories, end of year .....	88,050,194	175,963,423	174,078,288	149,875,359	208,165,141	202,669,386	213,605,408
Land .....	221,172,841	291,171,287	326,371,562	358,625,577	392,090,094	423,177,429	454,765,198
<b>Total liabilities <sup>3</sup> .....</b>	<b>1,886,488,062</b>	<b>3,150,848,369</b>	<b>3,453,186,389</b>	<b>3,695,508,180</b>	<b>4,835,135,071</b>	<b>4,972,036,919</b>	<b>5,303,160,043</b>
Accounts payable .....	90,603,965	190,689,535	243,769,049	229,893,243	361,748,491	346,350,802	275,560,392
Short-term debt <sup>4</sup> .....	123,961,301	229,922,243	231,808,501	252,226,751	289,248,638	282,684,863	273,570,095
Long-term debt <sup>5</sup> .....	544,253,482	884,452,445	988,667,751	1,132,180,865	1,286,392,538	1,375,077,274	1,389,224,345
Nonrecourse loans .....	465,744,743	523,403,560	582,151,975	639,417,006	699,883,406	770,277,980	799,599,369
<b>Partners' capital account <sup>3</sup> .....</b>	<b>832,159,680</b>	<b>1,975,699,638</b>	<b>2,545,766,494</b>	<b>2,998,634,658</b>	<b>3,593,082,308</b>	<b>3,894,523,181</b>	<b>4,371,892,684</b>
<b>Total receipts <sup>6</sup> .....</b>	<b>890,431,963</b>	<b>1,603,027,268</b>	<b>1,907,171,104</b>	<b>2,405,356,195</b>	<b>2,665,156,204</b>	<b>2,772,829,505</b>	<b>2,922,723,256</b>
Business receipts .....	760,617,695	1,356,655,904	1,615,762,245	2,061,764,235	2,278,200,526	2,414,187,093	2,545,612,266
Interest received .....	31,240,619	51,454,743	61,769,762	82,322,875	84,801,548	70,225,315	70,702,884
<b>Total deductions <sup>6</sup> .....</b>	<b>783,602,767</b>	<b>1,416,322,641</b>	<b>1,678,732,999</b>	<b>2,136,365,436</b>	<b>2,388,821,379</b>	<b>2,502,162,335</b>	<b>2,621,325,038</b>
Cost of goods sold .....	395,322,385	737,235,839	902,157,018	1,225,628,897	1,338,114,656	1,430,213,629	1,522,806,503
Purchases .....	256,546,960	461,144,704	585,068,938	797,038,243	887,515,286	903,589,600	987,652,150
Cost of labor .....	20,080,458	33,411,962	42,089,216	46,714,175	53,029,403	58,736,031	63,434,283
Net salaries and wages (not deducted elsewhere) .....	80,292,538	142,910,961	169,905,010	201,350,844	230,874,139	237,882,426	244,927,745
Taxes paid .....	13,151,513	23,813,223	26,896,235	31,145,304	34,626,540	36,416,569	39,019,475
Interest paid .....	42,775,881	73,406,067	74,428,567	92,751,748	97,278,387	68,127,690	64,619,863
Depreciation <sup>7</sup> .....	62,266,537	88,646,144	102,786,520	116,040,441	138,412,382	154,542,874	157,411,296
<b>Net income (less deficit) .....</b>	<b>106,829,196</b>	<b>186,704,627</b>	<b>228,438,105</b>	<b>268,990,758</b>	<b>276,334,824</b>	<b>270,667,169</b>	<b>301,398,218</b>
Net income .....	178,650,951	297,875,299	348,467,958	409,972,787	446,069,172	439,761,741	468,552,382
Deficit .....	71,821,755	111,170,672	120,029,853	140,982,029	169,734,347	169,094,572	167,154,164

See notes at end of this section.

## Selected Historical and Other Data

**Table 12.--Number of Business Income Tax Returns, by Size of Business for Specified Income Years, 1995-2003<sup>1</sup>**

[All figures are estimates based on samples--number of businesses is in thousands]

Type and size of business	1995	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>CORPORATIONS</b>							
<b>Total.....</b>	<b>4,474.2</b>	<b>4,848.9</b>	<b>4,935.9</b>	<b>5,045.3</b>	<b>5,135.6</b>	<b>5,266.6</b>	<b>5,401.2</b>
<b>Receipt size <sup>2</sup></b>							
Under \$25,000 <sup>3</sup> .....	1,030.0	1,168.1	1,188.7	1,220.0	1,248.2	1,282.5	1,279.7
\$25,000 under \$50,000.....	288.4	289.0	296.9	305.4	295.8	314.3	346.3
\$50,000 under \$100,000.....	446.8	459.9	486.5	477.4	484.5	514.4	522.1
\$100,000 under \$250,000.....	736.1	839.7	823.9	837.1	877.1	893.9	929.9
\$250,000 under \$500,000.....	623.9	645.5	676.1	677.5	672.6	688.8	719.6
\$500,000 under \$1,000,000.....	512.7	553.1	546.2	581.9	601.5	610.7	622.6
\$1,000,000 or more.....	803.3	893.5	917.5	946.0	955.9	962.1	981.1
<b>Asset size <sup>4</sup></b>							
Under \$100,000 <sup>5</sup> .....	2,615.0	2,813.7	2,845.7	2,911.3	n.a.	n.a.	n.a.
Under \$500,000.....	n.a.	n.a.	n.a.	n.a.	4,289.8	4,415.3	4,544.5
\$100,000 under \$1,000,000.....	1,438.0	1,562.7	1,600.2	1,631.0	n.a.	n.a.	n.a.
\$500,000 under \$1,000,000.....	n.a.	n.a.	n.a.	n.a.	342.2	344.5	342.8
\$1,000,000 under \$10,000,000.....	256.6	399.8	413.3	422.5	424.0	427.1	432.3
\$10,000,000 under \$25,000,000.....	29.1	33.0	35.0	37.0	36.4	36.8	37.7
\$25,000,000 under \$50,000,000.....	12.4	13.0	13.6	14.4	14.1	13.9	14.1
\$50,000,000 under \$100,000,000.....	8.4	8.9	9.3	9.6	9.5	9.3	9.3
\$100,000,000 under \$250,000,000.....	7.2	8.2	8.4	8.7	8.7	8.6	8.7
\$250,000,000 or more, total.....	7.5	9.7	10.4	10.9	11.0	11.1	11.8
\$250,000,000 under \$500,000,000.....	n.a.	n.a.	n.a.	n.a.	4.2	4.2	4.4
\$500,000,000 under \$2,500,000,000.....	n.a.	n.a.	n.a.	n.a.	4.9	4.9	5.3
\$2,500,000,000 or more.....	n.a.	n.a.	n.a.	n.a.	1.9	2.0	2.1
<b>PARTNERSHIPS</b>							
<b>Total.....</b>	<b>1,580.9</b>	<b>1,855.3</b>	<b>1,936.9</b>	<b>2,057.5</b>	<b>2,132.1</b>	<b>2,242.2</b>	<b>2,375.4</b>
<b>Receipt size <sup>6</sup></b>							
Under \$25,000 <sup>3</sup> .....	931.3	1,037.6	1,036.3	1,105.1	1,129.9	1,203.7	1,284.4
\$25,000 under \$50,000.....	133.5	157.3	169.5	183.0	182.6	185.3	191.8
\$50,000 under \$100,000.....	142.3	156.8	187.4	187.3	192.1	195.1	205.7
\$100,000 under \$250,000.....	158.6	206.4	212.4	225.8	233.9	248.5	262.4
\$250,000 under \$500,000.....	86.5	113.8	125.8	127.0	139.4	145.3	147.9
\$500,000 under \$1,000,000.....	59.4	76.6	83.8	92.4	102.8	105.0	110.7
\$1,000,000 or more.....	69.3	106.8	121.6	136.9	151.4	159.3	172.4
<b>Asset size <sup>5</sup></b>							
Under \$25,000.....	733.7	794.4	793.3	827.9	825.5	865.5	925.9
\$25,000 under \$50,000.....	79.1	92.5	93.3	105.3	104.7	104.9	112.0
\$50,000 under \$100,000.....	106.7	122.3	135.4	128.4	130.7	132.7	131.9
\$100,000 under \$250,000.....	184.5	210.7	216.4	229.5	239.1	252.3	259.0
\$250,000 under \$500,000.....	134.2	162.0	175.8	196.5	205.9	205.5	227.7
\$500,000 under \$1,000,000.....	123.8	162.9	175.2	183.0	202.6	226.4	231.7
\$1,000,000 or more.....	218.9	310.5	347.5	386.9	423.7	454.9	487.2

See notes at end of this section.



## Selected Historical and Other Data

**Table 12.--Number of Business Income Tax Returns, by Size of Business for Specified Income Years, 1995-2003<sup>1</sup>--Continued**

[All figures are estimates based on samples--number of businesses is in thousands]

Type and size of business	1995	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>NONFARM SOLE PROPRIETORSHIPS <sup>7</sup></b>							
<b>Total .....</b>	<b>16,423.9</b>	<b>17,408.8</b>	<b>17,575.6</b>	<b>17,904.7</b>	<b>18,338.2</b>	<b>18,925.5</b>	<b>19,710.1</b>
<b>Receipt size</b>							
Under \$2,500 <sup>3</sup> .....	4,139.5	4,246.4	4,295.6	4,333.1	3,769.4	4,546.4	4,539.7
\$2,500 under \$5,000 .....	1,954.1	2,055.6	1,972.6	1,933.9	1,989.3	2,043.8	2,233.0
\$5,000 under \$10,000 .....	2,254.4	2,407.0	2,350.2	2,395.7	2,523.1	2,604.6	2,816.3
\$10,000 under \$25,000 .....	2,969.3	3,058.3	3,202.2	3,334.0	3,448.4	3,521.6	3,719.1
\$25,000 under \$50,000 .....	1,982.7	2,111.9	2,227.0	2,246.7	2,239.3	2,357.8	2,449.8
\$50,000 under \$100,000 .....	1,392.6	1,590.1	1,558.5	1,644.8	1,704.0	1,751.8	1,805.4
\$100,000 under \$200,000 .....	916.3	1,019.7	1,020.3	1,052.9	1,109.7	1,115.4	1,145.7
\$200,000 under \$500,000 .....	597.7	666.6	681.4	680.4	649.2	687.8	705.1
\$500,000 under \$1,000,000 .....	147.4	175.1	182.2	189.5	197.8	203.3	199.7
\$1,000,000 or more .....	69.9	78.1	85.7	91.7	92.9	93.0	96.3

See notes at end of this section.

## Selected Historical and Other Data

**Table 13.--Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Specified Income Years, 1995-2003**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	1995	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns, total <sup>1</sup></b> .....	<b>4,474,167</b>	<b>4,848,888</b>	<b>4,935,904</b>	<b>5,045,274</b>	<b>5,135,591</b>	<b>5,266,607</b>	<b>5,401,237</b>
Number with net income <sup>1</sup> .....	2,455,492	2,760,814	2,812,175	2,819,153	2,822,302	2,800,517	2,932,115
Consolidated returns <sup>1,2,3</sup> .....	65,617	60,812	57,144	56,603	56,507	52,743	49,900
S corporation returns <sup>1,3,4</sup> .....	2,153,119	2,588,088	2,725,775	2,860,478	2,986,486	3,154,377	3,341,606
<b>Total assets <sup>5</sup></b> .....	<b>26,013,689,001</b>	<b>37,347,352,986</b>	<b>41,464,152,854</b>	<b>47,026,871,874</b>	<b>49,154,424,202</b>	<b>50,413,501,942</b>	<b>53,644,784,683</b>
Cash .....	962,083,261	1,336,424,483	1,596,525,490	1,819,788,484	1,926,059,284	1,923,414,875	2,119,555,828
Notes and accounts receivable .....	5,306,570,583	7,061,547,469	7,744,960,605	8,754,425,366	8,755,544,213	8,885,603,717	8,995,395,904
Less: Allowance for bad debts .....	121,339,912	128,129,657	139,597,391	148,289,201	180,317,404	184,924,054	166,436,901
Inventories <sup>6</sup> .....	1,045,010,082	1,139,210,381	1,198,184,825	1,271,967,443	1,208,206,944	1,221,112,550	1,267,289,489
Investments in U.S. Government obligations <sup>7</sup> .....	1,363,454,504	1,365,651,984	1,340,484,175	1,236,229,842	1,392,035,604	1,527,139,020	1,656,326,948
Tax-exempt securities .....	839,783,392	958,653,471	957,099,790	973,317,816	1,057,398,071	1,203,096,628	1,297,278,783
Other current assets .....	1,835,051,182	2,738,441,339	2,639,764,762	3,206,693,449	3,663,607,042	3,509,562,061	3,868,061,886
Loans to shareholders .....	92,774,645	135,052,180	126,016,307	157,029,888	189,958,748	194,543,759	212,364,720
Mortgage and real estate loans .....	1,713,312,936	2,414,901,336	2,554,658,266	2,821,508,159	3,228,970,528	3,687,181,263	4,072,938,126
Other investments .....	7,429,369,054	13,201,119,823	15,799,039,436	17,873,853,425	18,343,524,687	18,727,600,926	20,535,952,107
Depreciable assets .....	5,571,142,501	6,541,280,743	6,935,503,013	7,291,998,758	7,613,590,480	7,677,626,201	7,804,548,186
Less: Accumulated depreciation .....	2,600,545,415	3,031,634,536	3,227,243,753	3,369,214,883	3,549,239,594	3,699,383,948	3,812,960,901
Depletable assets .....	153,542,647	192,668,634	183,593,413	191,353,340	198,775,908	226,336,112	237,004,322
Less: Accumulated depletion .....	70,960,211	92,307,154	85,660,310	87,437,339	92,093,245	110,296,199	110,386,244
Land .....	242,340,731	271,489,857	286,497,086	302,831,910	319,953,637	325,689,411	341,705,785
Intangible assets (amortizable) .....	749,166,777	1,376,300,094	1,717,251,430	2,246,509,413	2,474,758,111	2,353,465,751	2,421,707,223
Less: Accumulated amortization .....	165,020,215	232,743,976	280,555,798	364,363,888	483,180,189	480,835,477	478,750,745
Other assets .....	1,667,952,459	2,099,426,516	2,117,631,510	2,848,669,891	3,086,871,379	3,426,569,347	3,383,190,167
<b>Total liabilities <sup>5</sup></b> .....	<b>26,013,689,001</b>	<b>37,347,352,986</b>	<b>41,464,152,854</b>	<b>47,026,871,874</b>	<b>49,154,424,202</b>	<b>50,413,501,942</b>	<b>53,644,784,683</b>
Accounts payable <sup>8</sup> .....	1,749,573,601	2,501,289,043	2,792,333,967	3,758,177,869	3,927,350,604	4,073,664,265	4,337,572,143
Mortgages, notes, and bonds payable in less than 1 year .....	2,033,602,027	3,215,524,383	3,658,308,770	4,019,704,844	4,131,856,961	3,814,481,517	4,001,969,180
Other current liabilities <sup>8</sup> .....	6,782,699,365	8,809,999,920	9,103,186,192	10,307,362,766	10,811,930,775	11,181,118,658	11,808,860,907
Loans from shareholders .....	311,675,047	361,234,088	394,938,632	451,461,831	549,016,868	541,170,351	531,953,102
Mortgages, notes, and bonds payable in 1 year or more .....	3,335,426,303	4,813,249,719	5,448,156,416	6,183,999,343	6,781,681,427	7,184,589,809	7,383,799,418
Other liabilities .....	3,668,771,655	4,537,780,597	4,704,367,882	4,957,514,852	5,337,844,395	6,073,368,168	6,761,943,361
Net worth .....	8,131,941,003	13,108,275,236	15,362,860,996	17,348,650,369	17,614,743,174	17,545,109,175	18,818,686,574
Capital stock .....	2,194,368,322	3,244,023,916	3,521,992,715	3,966,282,789	4,253,450,013	3,999,980,176	3,150,571,907
Additional paid-in capital .....	5,445,997,437	8,610,169,238	10,186,395,658	12,264,818,660	13,919,963,504	15,286,648,711	15,258,444,856
Retained earnings, appropriated .....	105,683,587	185,163,160	210,792,152	181,838,405	140,283,315	116,673,731	167,723,931
Retained earnings, unappropriated .....	2,085,712,657	3,190,409,230	3,741,892,919	3,445,346,327	2,024,731,460	1,060,109,067	2,141,352,269
Adjustments to shareholders' equity <sup>9</sup> .....	N/A	-3,006,539	17,108,266	-3,382,272	-33,277,666	-66,214,884	-27,510,760
Less: Cost of treasury stock .....	1,699,820,997	2,118,483,766	2,315,320,710	2,506,253,537	2,690,407,452	2,852,087,624	1,871,895,626
<b>Total receipts <sup>10</sup></b> .....	<b>14,539,050,114</b>	<b>17,323,955,004</b>	<b>18,892,385,694</b>	<b>20,605,808,071</b>	<b>20,272,957,624</b>	<b>19,749,426,052</b>	<b>20,689,574,291</b>
Business receipts <sup>10, 11</sup> .....	12,785,797,708	15,010,264,802	16,313,971,385	17,636,551,349	17,504,288,630	17,297,125,146	18,264,393,898
Interest on State and local Government obligations .....	46,323,344	49,128,679	51,780,203	51,940,598	49,227,853	48,212,626	48,996,780
Other interest <sup>10, 12</sup> .....	993,173,428	1,227,640,206	1,301,772,282	1,576,100,843	1,499,683,236	1,233,298,115	1,132,675,179
Dividends received from domestic corporations <sup>10, 12</sup> .....	22,842,877	20,010,007	20,679,644	20,869,880	18,964,132	17,382,452	17,973,872
Dividends received from foreign corporations <sup>10</sup> .....	35,418,063	49,232,904	64,905,407	60,203,391	49,997,670	45,580,553	44,921,527
Rents <sup>10</sup> .....	87,120,169	106,686,977	117,644,823	131,301,498	134,013,856	136,156,000	136,321,392
Royalties <sup>10</sup> .....	57,982,610	93,600,002	105,741,540	122,513,266	116,989,820	115,860,138	133,184,522
Net short-term capital gain reduced by net long-term capital loss .....	40,083,929	37,302,058	94,913,405	85,003,779	20,770,292	14,655,834	22,725,799
Net long-term capital gain reduced by net short-term capital loss .....	60,852,565	125,012,968	146,520,147	173,758,106	117,443,499	76,266,064	85,965,872
Net gain, noncapital assets <sup>10, 11</sup> .....	42,987,930	69,519,362	64,698,446	70,035,992	61,890,648	69,144,256	76,272,207
Other receipts .....	366,467,491	535,557,040	609,758,412	677,529,368	699,687,988	695,744,869	726,143,243

See notes at end of this section.

## Selected Historical and Other Data

**Table 13.--Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Specified Income Years, 1995-2003--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	1995	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total deductions</b> <sup>10</sup>	<b>13,821,277,581</b>	<b>16,489,425,015</b>	<b>17,966,972,060</b>	<b>19,691,591,726</b>	<b>19,682,982,949</b>	<b>19,198,882,118</b>	<b>19,940,594,557</b>
Cost of goods sold..... <sup>10</sup>	8,206,073,365	9,362,392,237	10,284,098,039	11,135,287,909	11,041,533,030	10,607,404,004	11,318,644,763
Compensation of officers..... <sup>10</sup>	303,636,318	356,850,517	373,735,141	401,416,310	382,813,379	381,235,331	388,661,740
Repairs..... <sup>10</sup>	118,597,690	130,298,655	133,209,853	139,591,861	144,239,688	132,998,715	134,963,543
Bad debts..... <sup>10</sup>	67,769,341	86,371,104	100,202,508	107,679,638	142,196,860	168,045,866	151,140,752
Rent paid on business property..... <sup>10</sup>	232,104,107	308,317,657	347,245,365	380,083,953	398,045,240	410,639,197	407,139,494
Taxes paid..... <sup>10</sup>	325,838,495	354,578,692	371,183,229	390,067,116	392,458,476	396,571,738	416,812,815
Interest paid..... <sup>10</sup>	744,764,676	966,659,473	1,018,972,484	1,271,678,744	1,203,045,923	912,751,562	818,016,806
Contributions or gifts..... <sup>10</sup>	7,425,566	8,667,513	10,732,153	10,657,214	11,414,505	10,334,666	10,823,373
Amortization..... <sup>10</sup>	45,998,611	74,336,292	86,124,690	98,333,079	110,454,488	115,006,680	121,284,821
Depreciation..... <sup>10</sup>	436,581,144	542,490,397	583,799,587	614,372,700	649,988,724	710,881,312	692,432,495
Depletion..... <sup>10, 13</sup>	9,998,046	9,685,686	9,803,284	10,244,959	9,803,354	9,418,123	10,170,908
Advertising..... <sup>10</sup>	162,777,591	198,214,266	216,066,879	234,000,558	219,834,114	218,035,603	224,790,471
Pension, profit-sharing, stock bonus, and annuity plans..... <sup>13</sup>	81,791,802	71,689,478	76,779,560	85,788,656	85,523,682	132,414,263	137,053,065
Employee benefit programs..... <sup>10, 11</sup>	165,112,064	195,453,372	203,531,897	231,325,484	245,747,438	249,904,744	277,325,261
Net loss, noncapital assets..... <sup>10, 11</sup>	28,033,601	21,309,505	29,065,260	31,314,500	40,969,394	51,879,801	51,799,134
Other deductions..... <sup>13</sup>	2,884,775,167	3,802,110,171	4,122,422,135	4,549,749,050	4,604,914,658	4,691,360,514	4,779,535,119
<b>Total receipts less total deductions</b> <sup>10, 14</sup>	<b>717,772,533</b>	<b>834,529,989</b>	<b>925,413,634</b>	<b>914,216,344</b>	<b>589,974,675</b>	<b>550,543,934</b>	<b>748,979,734</b>
Constructive taxable income from related foreign corporations..... <sup>15</sup>	42,744,182	52,822,281	55,322,097	65,249,771	62,876,530	61,325,249	80,005,681
<b>Net income (less deficit)</b> <sup>10, 14, 15, 16</sup>	<b>714,193,371</b>	<b>838,223,591</b>	<b>928,955,528</b>	<b>927,525,517</b>	<b>603,623,352</b>	<b>563,656,558</b>	<b>779,988,635</b>
Net income..... <sup>16</sup>	880,653,345	1,091,150,050	1,229,295,911	1,336,619,605	1,112,480,550	1,053,126,217	1,175,608,990
Deficit..... <sup>17</sup>	166,459,975	252,926,459	300,340,383	409,094,088	508,857,198	489,469,660	395,620,355
<b>Income subject to tax:</b>							
Number of returns..... <sup>18</sup>	912,851	894,446	868,820	828,470	780,223	696,230	660,582
Amount..... <sup>18</sup>	564,733,017	663,385,528	693,735,694	760,404,334	635,257,416	600,553,517	699,336,915
<b>Total income tax</b> ..... <sup>18</sup>	<b>198,786,648</b>	<b>231,399,671</b>	<b>241,987,588</b>	<b>266,281,801</b>	<b>220,874,245</b>	<b>209,691,130</b>	<b>243,822,946</b>
Regular tax..... <sup>19</sup>	193,564,219	228,021,519	238,722,344	262,232,738	218,675,610	207,056,104	241,275,165
Recapture of prior-year investment credit..... <sup>19</sup>	11,605	3,356	8,754	9,594	20,924	9,189	10,740
Alternative minimum tax..... <sup>19</sup>							
Number of returns..... <sup>19</sup>	25,834	18,360	14,901	13,135	7,101	7,066	9,564
Amount..... <sup>19</sup>	4,281,827	3,324,799	3,051,869	3,874,845	1,800,595	2,532,224	2,298,776
<b>Tax credits:</b> <sup>20</sup>							
<b>Total</b> ..... <sup>20</sup>	<b>42,362,992</b>	<b>49,796,436</b>	<b>48,959,947</b>	<b>62,238,013</b>	<b>54,162,256</b>	<b>56,078,260</b>	<b>66,305,542</b>
Foreign tax credit: <sup>21</sup>							
Number of returns..... <sup>21</sup>	6,716	5,922	5,864	5,937	5,488	4,726	5,414
Amount..... <sup>21</sup>	30,420,276	37,396,469	38,389,989	48,505,841	41,063,165	42,021,526	50,033,590
U.S. possessions tax credit..... <sup>21</sup>	3,056,017	2,393,331	1,485,261	1,438,549	1,268,616	1,191,217	1,081,674
Nonconventional source fuel credit..... <sup>21</sup>	732,031	1,029,728	886,835	1,516,990	1,806,406	2,189,943	2,104,097
Qualified electric vehicle credit..... <sup>21</sup>	120	702	1,191	1,246	231	6,102	N/A
Qualified zone academy bond credit..... <sup>21</sup>	N/A	N/A	2,170	14,542	28,151	80,289	103,058
Prior-year minimum tax credit..... <sup>21</sup>	4,797,001	3,432,896	3,431,478	5,169,159	3,254,175	2,027,542	3,355,062
General business credit..... <sup>21</sup>	3,388,423	5,601,399	4,763,022	5,591,686	6,741,513	8,561,641	9,627,908
Empowerment zone employment credit..... <sup>21</sup>	N/A	19,118	21,645	23,501	23,401	59,776	92,900
<b>General business current year credit items:</b> <sup>22</sup>							
Investment credit..... <sup>22</sup>	N/A	187,934	315,225	357,607	359,179	449,893	418,904
Work opportunity credit/jobs credit..... <sup>22</sup>	N/A	261,936	253,886	266,341	233,563	258,428	273,875
Alcohol fuel credit..... <sup>22</sup>	N/A	15,520	15,817	11,825	9,224	8,467	8,112
Research activities credit..... <sup>22</sup>	N/A	5,342,779	5,410,932	7,235,621	6,518,136	5,818,383	5,659,746
Orphan drug credit..... <sup>22</sup>	N/A	80,392	109,435	112,954	134,846	146,900	173,848
<b>Total income tax after credits</b> <sup>23</sup>	<b>156,392,780</b>	<b>181,545,146</b>	<b>193,027,641</b>	<b>204,043,788</b>	<b>166,711,988</b>	<b>153,612,870</b>	<b>177,517,404</b>

See notes at end of this section.

## Selected Historical and Other Data

**Table 14a.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by Standard Industrial Classification (SIC) Industrial Division, Specified Income Years, 1985-1997**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Industrial division and item	1985	1990	1995	1996	1997
	(1)	(2)	(3)	(4)	(5)
<b>ALL INDUSTRIAL DIVISIONS <sup>1</sup></b>					
Number of returns, total <sup>2</sup> .....	3,277,219	3,716,650	4,474,167	4,631,370	4,710,083
Number with net income <sup>2</sup> .....	1,820,120	1,910,670	2,455,492	2,588,424	2,647,474
Total assets <sup>3</sup> .....	12,773,093,888	18,190,057,609	26,013,689,001	28,642,263,127	33,029,652,126
Net worth <sup>3</sup> .....	3,303,698,576	4,738,917,553	8,131,941,003	9,495,226,103	11,353,013,694
Total receipts <sup>4</sup> .....	8,398,278,426	11,409,520,074	14,539,050,114	15,525,718,006	16,609,707,302
Business receipts <sup>4,5</sup> .....	7,369,538,953	9,860,441,633	12,785,797,708	13,659,470,309	14,460,928,695
Interest received <sup>4,6</sup> .....	637,786,939	977,402,674	1,039,496,772	1,082,071,703	1,186,893,564
Total deductions <sup>4</sup> .....	8,158,144,126	11,032,574,630	13,821,277,581	14,728,089,018	15,704,242,236
Cost of goods sold <sup>4</sup> .....	4,894,254,081	6,610,769,883	8,206,073,365	8,707,100,240	9,114,245,646
Interest paid.....	568,645,475	825,372,164	744,764,676	770,885,334	866,474,183
Net income (less deficit) <sup>4</sup> .....	240,119,020	370,632,632	714,193,371	806,484,990	915,396,637
Net income <sup>4</sup> .....	363,867,384	552,526,789	880,653,345	986,782,683	1,117,825,239
Deficit <sup>4</sup> .....	123,748,365	181,894,157	166,459,975	180,297,692	202,428,602
Total income tax <sup>7</sup> .....	111,340,839	128,185,666	198,786,648	223,712,985	239,394,206
Regular and alternative tax <sup>8</sup> .....	109,106,358	119,434,430	193,564,219	219,756,610	235,325,362
Total income tax after credits.....	63,348,204	96,403,099	156,392,780	170,620,945	184,175,993
<b>AGRICULTURE, FORESTRY, AND FISHING <sup>1</sup></b>					
Number of returns, total <sup>2</sup> .....	103,156	126,423	147,527	158,963	163,114
Number with net income <sup>2</sup> .....	52,776	70,965	79,320	90,012	91,984
Total assets <sup>3</sup> .....	52,651,197	68,338,381	86,298,574	94,140,118	91,984,030
Net worth <sup>3</sup> .....	15,406,221	23,360,455	30,102,131	32,757,173	32,990,807
Total receipts <sup>4</sup> .....	70,491,486	88,101,065	107,581,973	119,737,058	117,387,555
Business receipts <sup>4</sup> .....	65,419,402	82,114,836	100,630,952	111,727,224	107,930,422
Interest received <sup>4,6</sup> .....	775,383	681,127	640,032	759,958	601,918
Total deductions <sup>4</sup> .....	70,559,478	86,883,128	105,967,360	117,166,334	114,673,629
Cost of goods sold <sup>4</sup> .....	45,085,526	52,758,720	56,765,231	63,581,911	60,245,509
Interest paid.....	2,758,952	2,852,242	2,892,302	3,008,936	2,978,589
Net income (less deficit) <sup>4</sup> .....	-74,270	1,156,269	1,604,481	2,614,131	2,673,835
Net income <sup>4</sup> .....	2,930,905	4,328,433	5,402,335	6,262,057	6,310,262
Deficit <sup>4</sup> .....	3,005,175	3,172,164	3,797,857	3,647,926	3,636,427
Total income tax <sup>7</sup> .....	540,641	589,866	661,579	764,345	659,642
Regular and alternative tax <sup>8</sup> .....	531,787	569,812	640,696	748,862	647,752
Total income tax after credits.....	344,626	554,818	611,254	659,991	599,082
<b>MINING <sup>1</sup></b>					
Number of returns, total <sup>2</sup> .....	41,426	39,674	35,123	35,799	32,996
Number with net income <sup>2</sup> .....	18,031	18,436	18,776	18,098	17,281
Total assets <sup>3</sup> .....	240,815,996	219,197,640	268,690,014	299,106,231	324,294,826
Net worth <sup>3</sup> .....	104,772,797	110,339,579	132,123,209	151,720,805	165,095,652
Total receipts <sup>4</sup> .....	142,038,595	111,444,457	126,760,491	141,278,092	150,318,265
Business receipts <sup>4</sup> .....	126,710,610	97,321,579	114,163,493	127,583,639	134,379,404
Interest received <sup>4,6</sup> .....	3,584,890	3,849,674	2,985,957	3,096,278	3,708,511
Total deductions <sup>4</sup> .....	145,389,514	106,466,509	121,397,443	133,385,823	141,046,419
Cost of goods sold <sup>4</sup> .....	87,972,035	62,070,361	70,550,767	78,022,883	78,465,626
Interest paid.....	7,789,995	6,674,114	6,071,863	6,179,872	6,768,047
Net income (less deficit) <sup>4</sup> .....	-2,543,487	5,302,223	5,530,975	8,152,607	9,728,562
Net income <sup>4</sup> .....	6,166,623	9,071,733	9,364,612	12,112,260	14,191,366
Deficit <sup>4</sup> .....	8,710,110	3,769,511	3,833,637	3,959,653	4,462,804
Total income tax <sup>7</sup> .....	1,810,559	2,223,977	2,119,370	2,525,467	3,141,128
Regular and alternative tax <sup>8</sup> .....	1,736,952	1,897,245	1,900,482	2,348,394	2,951,254
Total income tax after credits.....	557,519	1,348,333	1,170,119	1,350,676	2,019,716

See notes at end of this section.

## Selected Historical and Other Data

**Table 14a.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by Standard Industrial Classification (SIC) Industrial Division, Specified Income Years, 1985-1997**  
**--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Industrial division and item	1985	1990	1995	1996	1997
	(1)	(2)	(3)	(4)	(5)
<b>CONSTRUCTION <sup>1</sup></b>					
Number of returns, total <sup>2</sup> .....	318,276	406,874	449,882	471,230	487,783
Number with net income <sup>2</sup> .....	185,613	223,434	275,375	300,890	307,733
Total assets <sup>3</sup> .....	215,297,771	243,829,026	265,812,616	284,595,206	314,551,349
Net worth <sup>3</sup> .....	54,687,270	63,865,550	86,553,081	92,427,338	99,144,660
Total receipts <sup>4</sup> .....	387,232,953	534,654,044	637,090,195	710,467,223	779,014,473
Business receipts <sup>4,6</sup> .....	374,590,273	522,586,199	627,463,416	699,596,890	768,122,399
Interest received <sup>4</sup> .....	3,851,628	3,621,561	2,068,327	2,089,412	2,079,884
Total deductions <sup>4</sup> .....	382,823,113	527,800,795	622,621,984	692,581,515	758,429,123
Cost of goods sold <sup>4</sup> .....	295,803,244	407,448,745	483,881,784	537,067,796	589,184,488
Interest paid <sup>4</sup> .....	6,407,652	7,368,430	5,280,750	5,473,796	5,949,039
Net income (less deficit) <sup>4</sup> .....	4,370,924	6,824,608	14,458,024	17,878,460	20,522,439
Net income <sup>4</sup> .....	11,053,145	15,859,977	20,986,981	25,036,702	27,816,466
Deficit <sup>4</sup> .....	6,682,220	9,035,370	6,528,956	7,158,242	7,294,027
Total income tax <sup>7</sup> .....	2,312,856	2,092,196	2,462,222	2,958,069	2,953,440
Regular and alternative tax <sup>8</sup> .....	2,243,786	1,983,902	2,358,661	2,847,146	2,846,960
Total income tax after credits.....	1,662,563	1,906,537	2,281,929	2,667,923	2,817,961
<b>MANUFACTURING <sup>1</sup></b>					
Number of returns, total <sup>2</sup> .....	276,545	301,669	319,699	325,689	325,045
Number with net income <sup>2</sup> .....	159,778	167,509	185,590	191,254	195,038
Total assets <sup>3</sup> .....	2,644,393,424	3,921,323,756	4,941,072,530	5,425,184,573	5,966,306,398
Net worth <sup>3</sup> .....	1,099,645,876	1,392,233,318	1,739,529,985	1,966,848,773	2,110,695,629
Total receipts <sup>4</sup> .....	2,831,062,496	3,688,693,895	4,585,549,761	4,902,669,122	5,177,663,770
Business receipts <sup>4,6</sup> .....	2,656,345,750	3,434,141,360	4,290,704,760	4,567,209,064	4,794,291,330
Interest received <sup>4</sup> .....	47,753,626	81,135,811	86,746,437	102,537,639	116,819,943
Total deductions <sup>4</sup> .....	2,733,105,346	3,545,121,842	4,354,564,077	4,652,960,523	4,910,704,056
Cost of goods sold <sup>4</sup> .....	1,797,852,805	2,377,226,499	2,932,256,224	3,125,013,437	3,241,577,938
Interest paid <sup>4</sup> .....	90,452,072	151,214,835	145,509,470	156,862,195	175,064,011
Net income (less deficit) <sup>4</sup> .....	113,758,645	171,373,726	260,909,947	286,059,822	305,958,154
Net income <sup>4</sup> .....	142,541,119	212,936,099	297,458,397	325,291,340	352,453,829
Deficit <sup>4</sup> .....	28,782,474	41,562,373	36,548,450	39,231,518	46,495,675
Total income tax <sup>7</sup> .....	56,687,476	64,385,522	83,817,532	95,502,448	101,849,787
Regular and alternative tax <sup>8</sup> .....	55,553,921	60,664,655	81,476,502	93,646,267	100,318,010
Total income tax after credits.....	25,382,459	38,971,197	54,302,936	58,883,875	64,307,381
<b>TRANSPORTATION AND PUBLIC UTILITIES <sup>1</sup></b>					
Number of returns, total <sup>2</sup> .....	138,337	160,353	194,456	205,777	209,412
Number with net income <sup>2</sup> .....	69,938	81,418	107,285	111,811	110,657
Total assets <sup>3</sup> .....	1,246,426,899	1,522,045,738	1,903,213,778	2,069,453,023	2,219,019,293
Net worth <sup>3</sup> .....	490,481,127	508,667,821	633,131,635	714,120,889	762,083,589
Total receipts <sup>4</sup> .....	772,358,188	936,277,062	1,156,709,979	1,257,010,639	1,330,726,431
Business receipts <sup>4,6</sup> .....	733,943,970	874,111,070	1,086,623,231	1,183,959,691	1,247,593,251
Interest received <sup>4</sup> .....	12,310,594	18,194,729	22,314,329	23,432,987	26,135,120
Total deductions <sup>4</sup> .....	747,836,158	900,960,832	1,084,676,405	1,182,369,290	1,260,911,843
Cost of goods sold <sup>4</sup> .....	381,028,354	405,924,209	405,708,040	453,455,420	482,982,473
Interest paid <sup>4</sup> .....	44,880,858	59,190,735	61,601,762	64,006,991	69,385,093
Net income (less deficit) <sup>4</sup> .....	25,087,629	35,413,596	72,911,176	75,400,172	70,984,769
Net income <sup>4</sup> .....	37,880,144	51,490,850	87,557,007	93,129,707	95,097,536
Deficit <sup>4</sup> .....	12,792,516	16,077,254	14,645,831	17,729,536	24,112,767
Total income tax <sup>7</sup> .....	15,214,129	17,114,547	27,186,351	28,376,759	28,506,843
Regular and alternative tax <sup>8</sup> .....	14,881,470	15,228,031	26,305,839	27,775,587	27,790,676
Total income tax after credits.....	8,432,924	15,882,038	24,836,272	25,963,903	25,582,369

See notes at end of this section.

## Selected Historical and Other Data

**Table 14a.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by Standard Industrial Classification (SIC) Industrial Division, Specified Income Years, 1985-1997**  
**--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Industrial division and item	1985	1990	1995	1996	1997
	(1)	(2)	(3)	(4)	(5)
<b>WHOLESALE AND RETAIL TRADE <sup>1</sup></b>					
Number of returns, total <sup>2</sup> .....	917,301	1,023,057	1,132,409	1,142,491	1,149,132
Number with net income <sup>2</sup> .....	510,825	527,128	626,022	652,504	656,288
Total assets <sup>3</sup> .....	1,009,965,739	1,447,296,828	1,919,717,823	2,016,232,163	1,947,931,949
Net worth <sup>3</sup> .....	286,260,274	354,827,439	533,870,160	568,677,377	613,532,103
Total receipts <sup>4</sup> .....	2,473,865,453	3,308,988,336	4,310,346,947	4,490,073,608	4,703,816,853
Business receipts <sup>4</sup> .....	2,408,174,933	3,216,861,660	4,206,376,331	4,383,103,174	4,588,802,594
Interest received <sup>4,6</sup> .....	21,633,480	29,851,239	30,425,682	31,317,702	31,259,696
Total deductions <sup>4</sup> .....	2,440,403,373	3,279,066,687	4,247,560,773	4,418,321,110	4,624,196,186
Cost of goods sold <sup>4</sup> .....	1,869,766,621	2,482,483,270	3,255,845,728	3,378,472,096	3,523,438,346
Interest paid.....	38,217,998	63,914,431	59,945,319	61,708,013	65,839,595
Net income (less deficit) <sup>4</sup> .....	33,126,702	30,094,078	63,566,712	73,353,268	81,584,637
Net income <sup>4</sup> .....	51,434,500	65,383,876	97,018,112	107,999,874	117,042,233
Deficit <sup>4</sup> .....	18,307,798	35,289,798	33,451,401	34,646,606	35,457,596
Total income tax <sup>7</sup> .....	16,392,896	13,839,310	20,301,551	22,694,239	23,871,953
Regular and alternative tax.....	16,130,885	13,324,360	20,030,374	22,435,178	23,550,018
Total income tax after credits.....	13,396,555	12,615,991	18,475,921	20,732,232	21,959,617
<b>FINANCE, INSURANCE, AND REAL ESTATE <sup>1</sup></b>					
Number of returns, total <sup>2</sup> .....	518,432	609,138	683,211	723,754	744,545
Number with net income <sup>2</sup> .....	285,273	269,667	317,410	341,136	344,625
Total assets <sup>3</sup> .....	7,029,452,681	10,193,295,357	15,677,286,629	17,360,053,164	20,905,619,903
Net worth <sup>3</sup> .....	1,161,968,009	2,142,041,011	4,668,579,685	5,605,211,611	7,155,654,580
Total receipts <sup>4</sup> .....	1,182,034,309	1,954,709,651	2,278,103,923	2,406,855,250	2,711,269,836
Business receipts <sup>5</sup> .....	501,993,840	900,908,453	1,094,870,564	1,176,179,679	1,282,307,615
Interest received <sup>4,6</sup> .....	541,268,193	830,451,126	879,763,014	901,666,932	987,114,539
Total deductions <sup>4</sup> .....	1,104,572,202	1,809,867,575	1,985,795,615	2,076,613,597	2,304,339,835
Cost of goods sold <sup>4</sup> .....	237,577,803	526,244,728	614,755,680	632,948,266	661,222,720
Interest paid.....	363,009,417	506,921,011	433,479,978	439,762,655	501,112,985
Net income (less deficit) <sup>4</sup> .....	60,670,526	109,901,881	256,810,767	299,149,193	373,482,032
Net income <sup>4</sup> .....	90,546,934	158,458,842	295,423,415	337,822,090	413,000,341
Deficit <sup>4</sup> .....	29,876,408	48,556,962	38,612,648	38,672,897	39,518,308
Total income tax <sup>7</sup> .....	13,598,201	22,556,387	51,874,358	58,301,659	63,604,700
Regular and alternative tax <sup>8</sup> .....	13,369,981	20,709,720	50,691,121	57,556,938	62,650,267
Total income tax after credits.....	10,193,877	20,511,294	45,988,431	50,181,634	54,777,098
<b>SERVICES <sup>1</sup></b>					
Number of returns, total <sup>2</sup> .....	939,390	1,029,447	1,504,230	1,557,401	1,592,854
Number with net income <sup>2</sup> .....	529,337	546,268	843,922	881,427	921,533
Total assets <sup>3</sup> .....	330,982,941	572,842,266	950,737,457	1,092,310,137	1,259,381,543
Net worth <sup>3</sup> .....	89,852,365	143,154,346	307,630,801	363,120,124	413,665,895
Total receipts <sup>4</sup> .....	534,587,609	779,329,609	1,335,694,559	1,496,215,552	1,638,587,903
Business receipts <sup>4</sup> .....	497,980,990	726,041,364	1,263,790,767	1,408,716,487	1,536,597,024
Interest received <sup>4,6</sup> .....	6,561,301	9,526,124	14,541,126	17,157,456	19,166,408
Total deductions <sup>4</sup> .....	528,685,613	769,035,909	1,297,475,364	1,453,204,496	1,589,010,688
Cost of goods sold <sup>4</sup> .....	176,070,808	290,965,307	385,562,425	437,521,006	476,468,909
Interest paid.....	15,027,259	27,188,190	29,967,579	33,871,749	39,371,150
Net income (less deficit) <sup>4</sup> .....	5,883,782	10,616,792	38,407,562	43,952,204	50,470,448
Net income <sup>4</sup> .....	21,124,460	34,850,560	67,389,184	79,102,121	91,879,768
Deficit <sup>4</sup> .....	15,240,678	24,233,768	28,981,622	35,149,916	41,409,320
Total income tax <sup>7</sup> .....	4,742,347	5,368,531	10,358,678	12,588,705	14,804,587
Regular and alternative tax <sup>8</sup> .....	4,621,875	5,041,377	10,155,538	12,397,017	14,568,298
Total income tax after credits.....	3,343,830	4,597,561	8,720,911	10,179,417	12,110,639

See notes at end of this section.



## Selected Historical and Other Data

**Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1998-2003**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Industrial sector and item	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
<b>ALL INDUSTRIAL SECTORS <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	4,848,888	4,935,904	5,045,274	5,135,591	5,266,607	5,401,237
Number with net income <sup>2</sup> .....	2,760,814	2,812,175	2,819,153	2,822,302	2,800,517	2,932,115
Total assets <sup>3</sup> .....	37,347,352,986	41,464,152,854	47,026,871,874	49,154,424,202	50,413,501,942	53,644,784,683
Net worth <sup>3</sup> .....	13,108,275,236	15,362,860,996	17,348,650,369	17,614,743,174	17,545,109,175	18,818,686,574
Total receipts <sup>4</sup> .....	17,323,955,004	18,892,385,694	20,605,808,071	20,272,957,624	19,749,426,052	20,689,574,291
Business receipts <sup>4,5</sup> .....	15,010,264,802	16,313,971,385	17,636,551,349	17,504,288,630	17,297,125,146	18,264,393,898
Interest received <sup>4,6</sup> .....	1,276,768,885	1,353,552,485	1,628,041,441	1,499,683,236	1,233,298,115	1,132,675,179
Total deductions <sup>4</sup> .....	16,489,425,015	17,966,972,060	19,691,591,726	19,682,982,949	19,198,882,118	19,940,594,557
Cost of goods sold <sup>4</sup> .....	9,362,392,237	10,284,098,039	11,135,287,909	11,041,533,030	10,607,404,004	11,318,644,763
Interest paid.....	966,659,473	1,018,972,484	1,271,678,744	1,203,045,923	912,751,562	818,016,806
Net income (less deficit) <sup>4</sup> .....	838,223,591	928,955,528	927,525,517	603,623,352	563,656,558	779,988,635
Net income <sup>4</sup> .....	1,091,150,050	1,229,295,911	1,336,619,605	1,112,480,551	1,053,126,217	1,175,608,990
Deficit <sup>4</sup> .....	252,926,459	300,340,383	409,094,088	508,857,198	489,469,660	395,620,355
Total income tax <sup>7</sup> .....	231,399,671	241,987,588	266,281,801	220,874,245	209,691,130	243,822,946
Regular tax.....	228,021,519	238,722,344	262,232,738	218,675,610	207,056,104	241,275,165
Total income tax after credits.....	181,545,146	193,027,641	204,043,788	166,711,988	153,612,870	177,517,404
<b>AGRICULTURE, FORESTRY, HUNTING, AND FISHING <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	135,107	141,678	140,851	140,806	140,223	143,019
Number with net income <sup>2</sup> .....	71,439	73,861	79,678	74,106	65,499	77,281
Total assets <sup>3</sup> .....	96,299,993	102,896,414	105,715,035	104,902,187	105,500,630	111,325,927
Net worth <sup>3</sup> .....	36,418,247	37,991,103	38,692,638	36,636,289	35,767,420	37,169,357
Total receipts <sup>4</sup> .....	110,588,698	115,897,645	117,135,698	115,434,441	119,151,243	125,741,451
Business receipts <sup>4</sup> .....	100,398,430	104,645,084	106,085,760	102,909,416	107,931,393	113,828,382
Interest received <sup>4,6</sup> .....	627,434	677,020	622,013	541,280	374,767	368,971
Total deductions <sup>4</sup> .....	110,125,234	114,521,646	115,914,854	114,621,084	119,774,426	124,462,063
Cost of goods sold <sup>4</sup> .....	56,835,616	58,439,010	59,844,373	54,841,323	60,121,105	62,045,324
Interest paid.....	3,117,877	3,460,472	3,580,884	3,280,134	2,923,041	2,733,424
Net income (less deficit) <sup>4</sup> .....	529,117	1,388,996	1,220,273	1,064,909	-587,571	1,332,547
Net income <sup>4</sup> .....	5,485,926	5,938,589	6,135,371	5,981,691	4,852,284	6,339,974
Deficit <sup>4</sup> .....	4,956,809	4,549,592	4,915,098	4,916,782	5,439,855	5,007,428
Total income tax <sup>7</sup> .....	620,915	602,018	563,797	619,708	403,902	644,189
Regular tax.....	610,268	592,430	553,484	615,617	399,926	635,750
Total income tax after credits.....	547,808	544,293	553,231	514,046	386,944	592,886
<b>MINING <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	31,467	30,849	32,578	31,776	30,287	30,252
Number with net income <sup>2</sup> .....	16,045	15,291	18,430	18,942	15,095	17,152
Total assets <sup>3</sup> .....	344,842,939	358,374,736	410,747,979	448,910,140	449,429,859	421,276,319
Net worth <sup>3</sup> .....	170,579,986	178,084,613	198,479,943	231,706,800	233,250,469	196,639,943
Total receipts <sup>4</sup> .....	131,071,579	124,847,341	158,618,629	169,539,555	157,298,844	194,190,254
Business receipts <sup>4</sup> .....	116,905,970	109,685,715	140,917,053	151,151,906	142,247,484	178,319,223
Interest received <sup>4,6</sup> .....	3,873,591	4,710,874	4,926,125	4,088,184	3,225,286	3,174,095
Total deductions <sup>4</sup> .....	130,388,596	125,494,571	149,060,709	160,816,530	156,911,742	184,237,912
Cost of goods sold <sup>4</sup> .....	66,380,586	63,289,692	75,033,998	80,548,021	78,092,277	98,177,788
Interest paid.....	7,911,568	9,008,339	10,125,194	9,923,985	9,016,218	9,240,463
Net income (less deficit) <sup>4</sup> .....	1,091,102	-134,901	10,355,698	9,406,304	1,344,239	10,683,846
Net income <sup>4</sup> .....	8,826,382	8,519,139	15,616,089	16,240,479	9,851,990	17,265,488
Deficit <sup>4</sup> .....	7,735,280	8,654,040	5,260,391	6,834,176	8,507,752	6,581,642
Total income tax <sup>7</sup> .....	2,116,331	1,770,981	3,231,554	3,026,385	2,087,504	3,547,275
Regular tax.....	1,987,944	1,615,297	3,091,343	2,900,460	1,993,356	3,453,291
Total income tax after credits.....	1,382,782	1,064,375	2,050,087	2,064,114	1,010,103	2,030,356

See notes at end of this section.

## Selected Historical and Other Data

**Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1998-2003--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Industrial sector and item	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
<b>UTILITIES <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	8,067	7,044	7,968	7,802	7,863	8,504
Number with net income <sup>2</sup> .....	4,556	4,620	4,276	3,855	3,934	4,425
Total assets <sup>3</sup> .....	1,034,143,980	1,171,606,471	1,556,911,256	1,515,428,318	1,458,642,427	1,454,677,579
Net worth <sup>3</sup> .....	345,181,633	374,868,607	382,030,374	381,352,597	381,185,739	364,426,969
Total receipts <sup>4</sup> .....	475,839,324	516,184,353	756,808,494	1,051,655,475	578,342,692	560,857,066
Business receipts <sup>4</sup> .....	450,830,225	478,836,511	707,815,083	1,004,358,112	537,883,736	521,884,927
Interest received <sup>4,6</sup> .....	7,797,767	9,222,895	12,932,306	13,035,317	12,550,519	10,492,402
Total deductions <sup>4</sup> .....	445,297,488	477,659,203	728,553,279	1,036,080,852	580,005,825	566,004,187
Cost of goods sold <sup>4</sup> .....	276,406,488	301,858,130	517,574,723	795,765,082	340,182,014	324,140,437
Interest paid <sup>4</sup> .....	28,451,377	30,445,753	39,224,772	42,280,631	41,316,770	38,760,041
Net income (less deficit) <sup>4</sup> .....	31,509,342	39,017,164	29,169,974	16,804,566	-1,046,609	-4,728,496
Net income <sup>4</sup> .....	37,950,376	42,332,613	35,279,980	28,734,461	22,596,105	14,461,224
Deficit <sup>4</sup> .....	6,441,034	3,315,449	6,110,006	11,929,895	23,642,715	19,189,721
Total income tax <sup>7</sup> .....	12,854,663	14,087,853	10,617,977	9,151,930	6,504,039	4,565,498
Regular tax <sup>7</sup> .....	12,763,441	13,916,825	10,420,441	9,071,527	6,382,751	4,483,781
Total income tax after credits.....	11,257,262	12,912,267	9,383,513	7,718,038	5,296,222	3,502,071
<b>CONSTRUCTION <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	551,935	580,302	597,902	624,478	648,535	676,120
Number with net income <sup>2</sup> .....	350,586	374,809	373,746	376,822	382,349	401,721
Total assets <sup>3</sup> .....	415,679,597	463,072,728	504,719,698	525,704,293	540,502,611	566,392,613
Net worth <sup>3</sup> .....	124,212,135	139,215,432	149,948,101	150,498,208	163,014,462	154,875,559
Total receipts <sup>4</sup> .....	875,357,103	990,661,562	1,051,896,139	1,102,724,183	1,098,818,871	1,147,627,639
Business receipts <sup>4</sup> .....	859,139,558	973,521,174	1,034,087,166	1,084,579,920	1,080,555,117	1,128,834,453
Interest received <sup>4,6</sup> .....	2,858,133	3,050,095	3,466,222	3,062,738	2,474,298	2,565,635
Total deductions <sup>4</sup> .....	846,846,638	957,850,706	1,019,743,542	1,070,080,498	1,070,369,680	1,118,068,122
Cost of goods sold <sup>4</sup> .....	646,521,716	734,146,024	776,692,461	809,614,689	799,324,059	832,053,060
Interest paid <sup>4</sup> .....	8,234,453	8,717,303	10,202,001	10,270,932	9,289,390	9,720,872
Net income (less deficit) <sup>4</sup> .....	28,385,998	32,654,317	32,067,010	32,537,032	28,357,934	29,368,117
Net income <sup>4</sup> .....	37,355,248	42,285,794	43,775,887	46,179,690	45,359,266	48,125,249
Deficit <sup>4</sup> .....	8,969,250	9,631,477	11,708,877	13,642,657	17,001,332	18,757,132
Total income tax <sup>7</sup> .....	3,848,773	4,375,585	4,460,645	4,543,459	4,221,133	4,598,022
Regular tax <sup>7</sup> .....	3,720,221	4,280,010	4,373,768	4,497,744	4,178,296	4,560,661
Total income tax after credits.....	3,671,586	4,142,447	4,308,656	4,435,401	4,104,446	4,471,956
<b>MANUFACTURING <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	309,912	297,714	288,506	278,995	280,185	281,239
Number with net income <sup>2</sup> .....	187,502	184,923	168,580	147,291	149,710	145,867
Total assets <sup>3</sup> .....	6,407,878,676	6,812,198,288	7,830,525,859	8,100,072,543	8,202,169,904	8,827,565,222
Net worth <sup>3</sup> .....	2,176,868,544	2,347,201,417	2,919,128,199	2,949,917,887	2,975,211,477	3,259,807,483
Total receipts <sup>4</sup> .....	4,967,763,340	5,207,025,164	5,741,290,322	5,315,598,814	5,257,106,442	5,642,551,645
Business receipts <sup>4</sup> .....	4,591,071,027	4,801,823,220	5,259,173,394	4,862,174,424	4,822,650,951	5,194,506,715
Interest received <sup>4,6</sup> .....	110,421,209	113,423,902	136,081,123	130,752,374	119,947,354	117,887,111
Total deductions <sup>4</sup> .....	4,758,096,862	4,996,507,899	5,514,263,661	5,228,295,401	5,178,748,932	5,509,877,426
Cost of goods sold <sup>4</sup> .....	3,128,946,941	3,278,506,854	3,646,003,664	3,402,032,548	3,353,642,529	3,691,657,743
Interest paid <sup>4</sup> .....	172,772,207	184,827,327	216,950,701	210,704,804	184,028,822	175,745,011
Net income (less deficit) <sup>4</sup> .....	246,022,462	247,281,612	271,917,037	129,096,121	119,275,059	186,085,821
Net income <sup>4</sup> .....	300,629,903	311,008,480	355,433,559	269,346,456	245,134,412	284,701,913
Deficit <sup>4</sup> .....	54,607,441	63,726,868	83,516,521	140,250,335	125,859,352	98,616,092
Total income tax <sup>7</sup> .....	85,160,606	87,650,593	102,107,461	76,141,754	68,531,196	82,534,697
Regular tax <sup>7</sup> .....	84,044,758	86,663,477	100,717,097	75,778,613	67,606,219	82,027,984
Total income tax after credits.....	51,821,656	56,836,653	62,146,298	43,292,557	34,400,275	42,840,125

See notes at end of this section.

# Selected Historical and Other Data

**Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1998-2003--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Industrial sector and item	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
<b>WHOLESALE AND RETAIL TRADE <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	956,803	948,371	959,575	963,403	964,523	975,011
Number with net income <sup>2</sup> .....	562,107	567,059	547,118	552,571	514,346	538,287
Total assets <sup>3</sup> .....	1,955,833,869	2,136,070,543	2,307,635,980	2,311,538,349	2,412,864,112	2,458,482,333
Net worth <sup>3</sup> .....	630,317,171	697,058,437	752,937,787	775,273,224	812,930,683	859,282,017
Total receipts <sup>4</sup> .....	4,626,956,885	4,913,443,742	5,397,024,981	5,312,289,788	5,403,353,886	5,736,011,994
Business receipts <sup>4</sup> .....	4,516,670,915	4,789,438,632	5,267,581,834	5,183,197,415	5,278,843,887	5,601,105,942
Interest received <sup>4,6</sup> .....	23,303,872	25,791,809	27,158,306	21,959,651	19,509,672	17,660,874
Total deductions <sup>4</sup> .....	4,541,306,580	4,823,250,170	5,314,154,542	5,239,282,835	5,318,817,046	5,631,362,037
Cost of goods sold.....	3,500,642,975	3,713,954,583	4,116,888,584	4,036,920,370	4,083,064,952	4,352,429,283
Interest paid.....	56,868,644	59,036,213	68,090,598	59,251,050	50,534,463	46,478,485
Net income (less deficit) <sup>4</sup> .....	86,950,940	91,938,690	85,176,192	75,366,514	87,018,582	108,098,908
Net income <sup>4</sup> .....	119,780,848	133,647,997	139,241,630	128,763,355	135,027,304	154,567,691
Deficit <sup>4</sup> .....	32,829,908	41,709,307	54,065,438	53,396,841	48,008,722	46,468,782
Total income tax <sup>7</sup> .....	25,333,188	27,897,471	29,752,161	26,419,726	27,469,057	32,256,691
Regular tax.....	25,050,231	27,586,344	29,389,721	26,309,437	27,296,326	32,120,034
Total income tax after credits.....	23,551,505	25,958,590	27,782,180	24,749,298	25,568,842	29,692,890
<b>TRANSPORATION AND WAREHOUSING <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	159,646	160,195	160,437	164,492	177,745	182,881
Number with net income <sup>2</sup> .....	94,327	85,618	84,271	84,837	91,226	95,352
Total assets <sup>3</sup> .....	460,299,605	495,262,107	531,565,047	531,565,543	536,270,300	558,278,543
Net worth <sup>3</sup> .....	157,718,753	168,809,002	166,587,366	156,710,830	144,702,207	156,846,724
Total receipts <sup>4</sup> .....	488,074,225	506,307,909	527,167,358	516,415,672	533,613,159	571,417,174
Business receipts <sup>4</sup> .....	469,626,605	485,223,550	505,713,781	493,765,699	510,816,998	547,730,745
Interest received <sup>4,6</sup> .....	5,211,712	4,952,614	5,821,233	4,819,977	3,982,958	3,026,793
Total deductions <sup>4</sup> .....	472,624,631	496,110,964	519,789,746	523,754,808	542,412,614	570,180,006
Cost of goods sold.....	145,243,592	144,954,534	162,300,008	143,664,961	151,927,768	193,253,719
Interest paid.....	12,890,808	14,114,833	15,623,451	14,544,173	19,266,450	12,624,295
Net income (less deficit) <sup>4</sup> .....	15,813,288	10,441,695	7,913,968	-7,061,072	-8,648,139	1,608,015
Net income <sup>4</sup> .....	21,950,223	18,783,289	19,125,558	14,117,899	14,490,713	15,802,242
Deficit <sup>4</sup> .....	6,136,935	8,341,594	11,211,590	21,178,971	23,138,852	14,194,227
Total income tax <sup>7</sup> .....	5,220,126	4,556,134	4,328,980	3,061,717	2,915,569	3,165,216
Regular tax.....	4,974,510	4,442,795	4,238,681	2,965,899	2,817,395	3,152,330
Total income tax after credits.....	4,465,867	3,944,800	3,745,610	2,836,333	2,725,995	2,740,308
<b>INFORMATION <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	100,977	107,628	118,073	115,435	120,271	119,875
Number with net income <sup>2</sup> .....	46,604	50,591	51,357	47,156	49,492	54,608
Total assets <sup>3</sup> .....	1,657,751,562	2,321,203,242	3,034,923,999	3,149,915,940	2,993,759,005	2,691,139,228
Net worth <sup>3</sup> .....	630,069,085	967,927,509	1,343,743,493	1,361,280,253	1,273,397,574	1,182,146,927
Total receipts <sup>4</sup> .....	759,064,134	889,706,510	967,190,036	946,598,108	909,195,188	938,674,058
Business receipts <sup>4</sup> .....	667,610,273	760,824,421	817,186,647	815,772,817	799,441,224	822,160,145
Interest received <sup>4,6</sup> .....	26,513,904	31,706,595	40,293,352	37,267,880	32,097,945	28,478,715
Total deductions <sup>4</sup> .....	728,192,854	851,795,719	963,202,354	986,220,330	946,955,633	947,864,644
Cost of goods sold.....	184,295,336	202,700,271	220,902,262	213,276,295	205,183,275	213,052,675
Interest paid.....	52,171,340	61,139,001	73,850,231	76,883,082	69,536,498	62,442,478
Net income (less deficit) <sup>4</sup> .....	32,662,060	39,705,442	5,888,634	-37,658,246	-33,996,597	-3,996,010
Net income <sup>4</sup> .....	68,476,679	94,470,726	92,587,270	59,616,076	48,623,452	55,309,436
Deficit <sup>4</sup> .....	35,814,619	54,765,284	86,698,635	97,274,322	82,620,049	59,305,447
Total income tax <sup>7</sup> .....	20,501,328	25,266,589	25,616,216	16,406,635	12,104,214	14,026,180
Regular tax.....	20,274,203	25,200,587	24,990,024	16,309,070	12,076,847	13,897,774
Total income tax after credits.....	18,440,210	23,070,009	21,997,317	11,797,175	7,795,636	10,295,637

See notes at end of this section.

## Selected Historical and Other Data

**Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1998-2003--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Industrial sector and item	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
<b>FINANCE AND INSURANCE <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	218,193	217,780	221,394	220,895	224,352	234,746
Number with net income <sup>2</sup> .....	139,109	134,024	140,245	140,018	141,771	153,780
Total assets <sup>3</sup> .....	17,305,086,833	19,824,587,927	20,812,549,796	21,088,851,299	21,937,110,016	24,336,630,885
Net worth <sup>3</sup> .....	7,518,173,882	8,940,180,581	9,508,950,313	9,559,259,468	9,422,754,290	10,639,646,968
Total receipts <sup>4</sup> .....	2,357,691,805	3,008,131,381	2,915,539,562	2,621,771,654	2,605,571,614	2,575,206,914
Business receipts <sup>4,5</sup> .....	1,285,017,559	1,740,167,487	1,525,629,096	1,430,898,834	1,573,271,535	1,571,588,951
Interest received <sup>4,6</sup> .....	720,794,899	811,320,049	936,422,920	806,514,689	660,002,353	593,235,118
Total deductions <sup>4</sup> .....	2,037,238,331	2,610,951,725	2,499,971,633	2,321,050,152	2,324,723,707	2,240,823,839
Cost of goods sold <sup>4</sup> .....	744,162,763	1,162,852,049	875,995,480	828,320,672	835,466,854	818,675,183
Interest paid.....	344,911,753	392,893,417	474,253,886	421,275,484	291,740,227	249,072,837
Net income (less deficit) <sup>4</sup> .....	285,178,258	360,667,738	379,017,708	268,142,171	247,012,845	303,014,325
Net income <sup>4</sup> .....	317,490,397	393,580,700	422,936,185	328,604,216	304,543,767	341,858,827
Deficit <sup>4</sup> .....	32,312,139	32,912,962	43,918,477	60,462,045	57,530,922	38,844,502
Total income tax <sup>7</sup> .....	40,155,581	40,300,522	43,609,913	39,068,012	41,867,335	52,991,696
Regular tax.....	39,623,438	39,435,856	42,763,433	37,998,253	40,872,057	51,620,051
Total income tax after credits.....	35,809,588	33,861,687	36,939,212	34,189,718	36,100,698	44,306,591
<b>REAL ESTATE AND RENTAL AND LEASING <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	521,917	521,447	532,426	539,965	570,639	577,400
Number with net income <sup>2</sup> .....	212,436	207,998	212,683	203,699	207,925	219,872
Total assets <sup>3</sup> .....	496,174,007	555,038,279	562,512,765	553,968,402	538,584,064	559,092,671
Net worth <sup>3</sup> .....	138,405,897	148,473,459	155,887,764	151,968,943	147,198,160	161,103,312
Total receipts <sup>4</sup> .....	205,765,416	215,874,696	235,179,818	239,598,864	230,647,035	233,291,211
Business receipts <sup>4,5</sup> .....	175,701,248	185,450,183	204,519,672	207,454,856	205,206,751	207,243,701
Interest received <sup>4,6</sup> .....	6,601,541	6,782,681	5,525,181	4,864,674	4,046,822	4,213,588
Total deductions <sup>4</sup> .....	196,769,688	209,273,861	228,930,442	234,230,846	227,363,978	227,270,188
Cost of goods sold <sup>4</sup> .....	44,622,040	44,747,394	50,813,666	48,227,121	50,124,303	47,394,165
Interest paid.....	15,839,859	16,981,007	18,199,502	19,896,544	14,123,528	13,675,965
Net income (less deficit) <sup>4</sup> .....	8,872,883	6,486,094	6,137,855	5,360,069	3,253,378	6,062,925
Net income <sup>4</sup> .....	19,183,985	17,966,220	19,286,447	18,754,185	18,134,864	21,144,158
Deficit <sup>4</sup> .....	10,311,103	11,480,126	13,148,592	13,394,117	14,881,486	15,081,233
Total income tax <sup>7</sup> .....	2,789,218	2,530,093	2,454,250	2,361,366	2,012,011	2,370,340
Regular tax.....	2,615,409	2,377,866	2,376,474	2,321,058	1,974,547	2,314,379
Total income tax after credits.....	2,664,038	2,395,153	2,347,572	2,218,940	1,958,106	2,308,035
<b>PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	623,784	657,153	689,412	709,837	736,005	760,087
Number with net income <sup>2</sup> .....	384,536	409,951	409,706	416,900	429,535	444,869
Total assets <sup>3</sup> .....	299,636,432	373,290,013	499,987,766	483,351,824	484,691,832	507,815,971
Net worth <sup>3</sup> .....	110,823,199	139,391,301	213,025,814	189,543,565	171,783,018	181,546,066
Total receipts <sup>4</sup> .....	563,742,939	604,083,026	658,747,358	665,085,183	683,879,755	720,418,313
Business receipts <sup>4</sup> .....	540,924,209	576,276,292	623,368,137	631,691,343	651,992,903	691,608,915
Interest received <sup>4,6</sup> .....	3,875,671	4,427,474	7,621,540	6,196,145	4,668,720	3,889,678
Total deductions <sup>4</sup> .....	545,623,562	591,035,814	666,570,144	671,016,867	681,976,681	711,836,442
Cost of goods sold <sup>4</sup> .....	185,899,820	183,976,411	202,015,796	189,914,383	199,415,154	202,329,198
Interest paid.....	6,192,565	7,612,211	10,317,850	9,404,961	9,040,336	8,682,585
Net income (less deficit) <sup>4</sup> .....	18,166,687	13,263,768	-7,551,100	-5,614,567	2,463,356	9,277,744
Net income <sup>4</sup> .....	36,794,790	39,516,735	42,508,155	41,323,639	42,831,929	44,316,435
Deficit <sup>4</sup> .....	18,628,103	26,252,968	50,059,255	46,938,207	40,368,574	35,038,691
Total income tax <sup>7</sup> .....	4,892,809	4,784,997	4,910,603	3,943,006	3,769,108	3,671,651
Regular tax.....	4,848,521	4,735,208	4,879,740	3,931,563	3,736,566	3,682,859
Total income tax after credits.....	4,277,480	4,088,564	4,394,637	3,277,227	3,191,317	3,066,840

See notes at end of this section.

# Selected Historical and Other Data

**Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1998-2003--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Industrial sector and item	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
<b>MANAGEMENT OF COMPANIES (HOLDING COMPANIES) <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	30,931	43,246	47,542	47,866	48,053	46,887
Number with net income <sup>2</sup> .....	14,278	17,304	20,979	19,818	21,267	18,786
Total assets <sup>3</sup> .....	6,036,081,553	5,936,042,852	7,917,530,297	9,356,898,892	9,739,201,697	10,094,909,965
Net worth <sup>3</sup> .....	794,827,208	937,394,942	1,237,344,020	1,386,169,730	1,482,596,398	1,311,562,906
Total receipts <sup>4</sup> .....	550,818,360	518,531,619	693,453,386	788,062,467	689,799,466	677,082,366
Business receipts <sup>4</sup> .....	90,497,966	91,583,476	127,242,280	175,450,783	170,514,329	190,225,987
Interest received <sup>4,6</sup> .....	354,245,184	327,262,346	435,503,757	457,053,813	361,954,366	339,679,108
Total deductions <sup>4</sup> .....	491,555,673	457,651,453	613,412,225	702,054,817	602,603,758	581,498,091
Cost of goods sold <sup>4</sup> .....	4,093,481	1,341,171	7,403,101	18,585,287	11,077,288	9,517,497
Interest paid.....	227,006,009	198,179,812	293,846,786	290,735,669	186,561,412	158,380,777
Net income (less deficit) <sup>4</sup> .....	56,727,056	58,098,072	78,208,116	83,216,188	84,572,187	93,462,818
Net income <sup>4</sup> .....	61,617,002	63,362,066	83,529,280	89,526,734	94,494,581	100,808,637
Deficit <sup>4</sup> .....	4,889,946	5,263,994	5,321,164	6,310,546	9,922,394	7,345,819
Total income tax <sup>7</sup> .....	19,773,001	20,151,630	26,800,031	28,535,815	30,444,748	32,182,303
Regular tax.....	19,528,114	20,060,393	26,708,372	28,461,711	30,408,844	32,122,396
Total income tax after credits.....	16,608,717	17,557,723	21,745,792	23,256,377	24,905,354	25,674,080
<b>ADMINISTRATIVE AND SUPPORT AND WASTE MANAGEMENT AND REMEDIATION SERVICES <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	200,449	205,011	211,993	223,999	231,412	242,904
Number with net income <sup>2</sup> .....	122,276	120,197	128,738	135,234	134,003	151,327
Total assets <sup>3</sup> .....	188,316,699	203,660,243	218,894,160	231,139,131	258,705,414	274,758,410
Net worth <sup>3</sup> .....	68,348,928	63,853,465	61,423,215	64,950,551	77,291,090	80,911,300
Total receipts <sup>4</sup> .....	277,178,204	296,911,229	325,399,872	352,935,179	350,216,846	377,940,515
Business receipts <sup>4</sup> .....	263,655,627	283,700,509	313,932,798	339,002,912	338,209,323	359,890,965
Interest received <sup>4,6</sup> .....	3,181,418	2,466,255	2,281,559	1,790,626	1,881,731	2,080,683
Total deductions <sup>4</sup> .....	270,127,054	290,332,899	321,181,269	345,441,035	345,261,614	370,864,108
Cost of goods sold <sup>4</sup> .....	124,986,629	132,743,416	138,959,356	152,621,002	149,702,110	170,893,885
Interest paid.....	5,863,680	6,037,846	7,500,383	7,002,692	6,199,583	6,503,972
Net income (less deficit) <sup>4</sup> .....	7,311,477	7,193,907	4,337,453	7,609,771	5,036,076	7,194,381
Net income <sup>4</sup> .....	12,520,454	12,185,525	12,211,170	14,784,895	13,491,618	14,226,924
Deficit <sup>4</sup> .....	5,208,977	4,991,618	7,873,717	7,175,123	8,455,542	7,032,543
Total income tax <sup>7</sup> .....	2,060,959	1,759,550	1,544,394	1,951,046	1,605,012	1,304,340
Regular tax.....	2,030,934	1,724,934	1,530,854	1,928,166	1,586,118	1,270,470
Total income tax after credits.....	1,768,277	1,345,004	1,278,157	1,520,665	1,393,675	1,092,221
<b>EDUCATIONAL SERVICES <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	36,959	35,196	36,756	38,480	41,317	44,059
Number with net income <sup>2</sup> .....	24,011	22,139	23,516	19,336	20,525	21,688
Total assets <sup>3</sup> .....	12,015,998	13,290,030	15,347,835	16,497,219	16,492,830	19,947,248
Net worth <sup>3</sup> .....	4,711,049	4,890,418	5,899,320	6,192,337	6,195,219	7,265,582
Total receipts <sup>4</sup> .....	25,845,444	23,083,618	25,236,070	26,922,736	25,972,274	30,684,279
Business receipts <sup>4</sup> .....	23,196,929	20,532,679	22,021,416	25,148,309	24,509,009	29,746,218
Interest received <sup>4,6</sup> .....	93,441	108,347	159,191	113,946	90,703	86,397
Total deductions <sup>4</sup> .....	25,001,911	22,520,730	24,488,516	26,509,597	24,969,680	29,222,310
Cost of goods sold <sup>4</sup> .....	5,567,853	4,264,602	4,195,289	4,820,315	3,955,244	4,895,886
Interest paid.....	247,281	288,455	346,595	338,259	322,399	312,979
Net income (less deficit) <sup>4</sup> .....	841,910	559,735	743,338	420,744	1,005,660	1,457,306
Net income <sup>4</sup> .....	1,363,597	1,303,279	1,758,495	1,641,837	1,877,456	2,352,880
Deficit <sup>4</sup> .....	521,687	743,543	1,015,157	1,221,094	871,796	895,575
Total income tax <sup>7</sup> .....	172,739	176,634	297,442	229,931	264,236	341,140
Regular tax.....	170,401	175,768	296,332	229,079	263,846	337,968
Total income tax after credits.....	160,680	169,169	287,334	218,742	248,573	331,442

See notes at end of this section.

## Selected Historical and Other Data

**Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1998-2003--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Industrial sector and item	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
<b>HEALTH CARE AND SOCIAL ASSISTANCE <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	307,258	303,499	306,352	327,338	334,305	354,603
Number with net income <sup>2</sup> .....	178,952	179,919	188,153	207,968	209,306	224,155
Total assets <sup>3</sup> .....	217,705,783	216,011,347	220,349,973	213,775,949	214,329,877	229,814,061
Net worth <sup>3</sup> .....	70,205,539	65,619,372	64,661,550	56,901,435	61,960,368	64,342,783
Total receipts <sup>4</sup> .....	372,531,571	385,912,697	417,490,766	443,351,714	463,253,527	503,083,460
Business receipts <sup>4</sup> .....	357,156,938	371,442,071	403,580,914	429,190,484	448,427,967	488,409,511
Interest received <sup>4,6</sup> .....	1,768,297	1,808,445	2,067,609	1,798,075	1,320,255	1,270,834
Total deductions <sup>4</sup> .....	368,324,288	380,770,874	409,842,606	430,956,238	446,522,542	484,367,139
Cost of goods sold <sup>4</sup> .....	45,407,694	46,030,202	53,847,300	54,435,340	54,589,386	58,438,250
Interest paid.....	7,379,882	7,731,279	8,324,621	7,640,537	6,462,090	6,582,610
Net income (less deficit) <sup>4</sup> .....	4,133,910	5,076,755	7,649,931	12,335,681	16,631,149	18,630,604
Net income <sup>4</sup> .....	13,914,520	15,190,047	17,011,710	20,364,434	23,695,054	25,543,515
Deficit <sup>4</sup> .....	9,780,610	10,113,292	9,361,779	8,028,753	7,063,905	6,912,911
Total income tax <sup>7</sup> .....	1,769,004	1,779,862	1,663,812	1,774,653	2,059,337	2,137,289
Regular tax.....	1,751,998	1,762,161	1,651,580	1,771,057	2,053,582	2,123,128
Total income tax after credits.....	1,732,053	1,726,157	1,559,356	1,741,421	2,011,275	2,087,431
<b>ARTS, ENTERTAINMENT, AND RECREATION <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	92,966	93,922	97,866	102,631	110,609	110,119
Number with net income <sup>2</sup> .....	45,831	44,376	44,318	48,884	53,390	50,037
Total assets <sup>3</sup> .....	73,334,657	81,870,705	75,631,069	78,565,805	79,600,495	79,164,279
Net worth <sup>3</sup> .....	18,208,673	22,987,987	19,953,303	19,144,846	19,238,866	17,869,953
Total receipts <sup>4</sup> .....	67,273,020	76,849,223	70,085,901	75,491,312	78,918,432	76,855,082
Business receipts <sup>4</sup> .....	60,387,702	70,756,712	64,157,666	69,089,923	72,674,159	69,877,627
Interest received <sup>4,6</sup> .....	1,016,055	1,001,877	1,067,454	1,000,658	811,809	743,741
Total deductions <sup>4</sup> .....	65,413,634	76,004,686	69,649,259	75,071,517	78,066,513	75,624,795
Cost of goods sold <sup>4</sup> .....	13,913,998	15,558,840	14,012,402	14,108,775	15,445,331	14,036,996
Interest paid.....	2,859,173	3,153,120	3,133,918	3,330,751	2,936,172	2,784,090
Net income (less deficit) <sup>4</sup> .....	1,864,448	821,493	413,339	402,181	852,149	1,227,441
Net income <sup>4</sup> .....	5,242,957	4,931,288	5,038,654	5,233,174	5,346,441	5,338,360
Deficit <sup>4</sup> .....	3,378,510	4,109,794	4,625,314	4,830,992	4,494,292	4,110,919
Total income tax <sup>7</sup> .....	613,745	498,551	508,011	396,641	349,418	299,303
Regular tax.....	588,320	452,837	494,747	392,960	344,655	291,786
Total income tax after credits.....	535,839	452,800	447,722	351,460	294,113	252,586
<b>ACCOMMODATION, FOOD SERVICES, AND DRINKING PLACES <sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	245,334	252,113	257,525	259,465	271,527	278,722
Number with net income <sup>2</sup> .....	118,510	122,757	134,231	134,539	136,427	135,243
Total assets <sup>3</sup> .....	257,795,912	307,607,229	326,257,810	344,864,784	352,661,519	357,413,221
Net worth <sup>3</sup> .....	82,797,524	97,933,991	99,048,857	103,668,236	108,766,030	113,180,184
Total receipts <sup>4</sup> .....	317,528,271	342,083,590	375,040,371	353,715,274	399,787,328	407,107,664
Business receipts <sup>4</sup> .....	295,686,536	318,528,271	346,989,626	328,552,525	372,418,853	382,358,626
Interest received <sup>4,6</sup> .....	3,649,732	3,924,941	4,529,172	3,978,882	3,834,780	3,306,364
Total deductions <sup>4</sup> .....	309,897,224	332,848,457	364,913,806	345,725,252	391,952,542	400,097,877
Cost of goods sold <sup>4</sup> .....	126,010,805	131,317,833	143,111,384	122,785,758	152,332,352	158,705,517
Interest paid.....	11,177,826	12,290,148	14,325,258	13,229,659	12,583,288	11,730,733
Net income (less deficit) <sup>4</sup> .....	7,895,034	10,066,516	10,316,662	8,198,950	8,033,793	7,157,592
Net income <sup>4</sup> .....	15,097,570	16,629,585	17,113,147	15,491,509	15,772,353	15,472,058
Deficit <sup>4</sup> .....	7,202,537	6,563,069	6,796,485	7,292,559	7,738,560	8,314,466
Total income tax <sup>7</sup> .....	2,679,119	3,128,707	3,104,821	2,623,444	2,567,514	2,509,150
Regular tax.....	2,608,377	3,036,759	3,049,904	2,576,230	2,551,626	2,501,073
Total income tax after credits.....	2,051,196	2,315,528	2,390,708	1,947,518	1,740,440	1,711,725

See notes at end of this section.



## Selected Historical and Other Data

**Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1998-2003--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Industrial sector and item	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
<b>OTHER SERVICES<sup>1</sup></b>						
Number of returns, total <sup>2</sup> .....	300,313	305,725	316,138	325,602	321,134	329,336
Number with net income <sup>2</sup> .....	180,851	183,395	182,268	187,784	173,951	176,351
Total assets <sup>3</sup> .....	87,416,961	90,106,610	93,844,830	98,164,009	92,666,071	95,847,187
Net worth <sup>3</sup> .....	30,679,258	30,783,792	30,704,809	33,548,788	27,827,023	29,946,557
Total receipts <sup>4</sup> .....	148,369,892	151,673,526	170,060,184	174,835,529	164,353,067	170,732,940
Business receipts <sup>4</sup> .....	143,395,451	146,498,454	164,175,721	168,989,458	159,401,281	164,976,728
Interest received <sup>4,6</sup> .....	928,360	907,132	1,561,266	840,414	522,003	515,071
Total deductions <sup>4</sup> .....	143,776,511	147,324,436	165,502,185	170,800,214	161,284,099	166,821,367
Cost of goods sold <sup>4</sup> .....	60,956,443	61,680,640	68,810,776	70,937,697	63,754,139	66,924,017
Interest paid.....	2,731,937	2,844,964	3,748,882	3,035,734	2,472,820	2,538,029
Net income (less deficit) <sup>4</sup> .....	4,591,932	4,317,819	4,547,256	4,039,477	3,094,837	4,062,491
Net income <sup>4</sup> .....	7,237,035	7,191,706	7,811,408	7,750,193	6,976,867	7,962,590
Deficit <sup>4</sup> .....	2,645,103	2,873,886	3,264,152	3,710,716	3,882,031	3,900,100
Total income tax <sup>7</sup> .....	824,431	665,085	697,705	616,629	515,266	677,787
Regular tax.....	817,298	658,064	694,957	614,779	513,131	679,269
Total income tax after credits.....	785,562	637,689	674,380	580,567	480,323	520,041

See notes at end of this section.

## Selected Historical and Other Data

**Table 15.--Corporation Profits Before Tax per National Income and Product Accounts (NIPA) and per SOI, and Income Subject to Tax per SOI, Income Years 1960-2003**

[All figures are estimates--money amounts are in billions of dollars]

Income year	Profits before tax (per NIPA) <sup>1, 2</sup>	Net income (less deficit) (per SOI) <sup>3</sup>	Income subject to tax (per SOI) <sup>3, 4</sup>
	(1)	(2)	(3)
1960.....	51.6	43.5	47.2
1961.....	51.6	45.9	47.9
1962.....	57.0	49.6	51.7
1963.....	62.1	54.3	54.3
1964.....	69.1	61.6	60.4
1965.....	80.2	73.9	70.8
1966.....	86.7	80.5	77.1
1967.....	83.5	78.2	74.8
1968.....	92.4	86.0	81.4
1969.....	91.4	80.2	81.2
1970.....	81.0	65.9	72.4
1971.....	92.9	79.7	83.2
1972.....	107.8	96.8	95.1
1973.....	134.8	120.4	115.5
1974.....	147.8	148.2	144.0
1975.....	145.5	142.6	146.6
1976.....	179.7	185.4	183.5
1977.....	210.4	219.2	212.5
1978.....	246.1	246.9	239.6
1979.....	271.9	284.6	279.4
1980.....	253.5	239.0	246.6
1981.....	243.7	213.6	241.5
1982.....	198.5	154.3	205.2
1983.....	233.9	188.3	218.7
1984.....	268.6	232.9	257.1
1985.....	257.4	240.1	266.1
1986.....	246.0	269.5	276.2
1987.....	317.6	328.2	311.8
1988.....	386.1	413.0	383.2
1989.....	383.7	389.0	371.1
1990.....	409.5	370.6	366.4
1991.....	423.0	344.9	350.0
1992.....	461.1	402.0	377.9
1993.....	517.1	498.2	436.8
1994.....	577.1	577.3	494.0
1995.....	674.3	714.2	564.7
1996.....	733.0	806.5	639.8
1997.....	798.2	915.4	683.8
1998.....	718.3	838.2	663.4
1999.....	775.9	929.0	693.7
2000.....	773.4	927.5	760.4
2001.....	707.9	603.6	635.3
2002.....	768.4	563.7	600.6
2003.....	937.2	780.0 <sup>r</sup>	699.3 <sup>r</sup>

See notes at end of this section.

## Selected Historical and Other Data

**Table 16.--Nonprofit Charitable Organization and Domestic Private Foundation Information Returns, and Tax-Exempt Organization Business Income Tax Returns: Selected Financial Data, 1995-2002**

[All figures are estimates based on samples--money amounts are in millions of dollars]

Type of return, item	1995	1996	1997	1998	1999	2000	2001	2002
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>NONPROFIT CHARITABLE ORGANIZATION INFORMATION RETURNS <sup>1</sup></b>								
Number of returns.....	180,931	192,059	198,957	207,272	211,615	230,159	240,569	251,676
Total assets, book value <sup>2</sup> .....	1,143,079	1,293,439	1,438,977	1,351,541	1,453,675	1,562,536	1,631,719	1,733,852
Total liabilities <sup>2</sup> .....	512,383	564,566	624,978	459,188	481,444	539,367	611,390	693,576
Total fund balance or net worth <sup>2</sup> .....	630,696	728,873	813,998	892,353	972,232	1,023,169	1,020,329	1,040,275
Total revenue.....	663,371	704,346	754,616	752,044	800,676	866,208	896,974	955,267
Program service revenue <sup>3</sup> .....	443,052	467,559	486,407	502,832	518,111	579,081	630,817	691,791
Contributions, gifts, and grants.....	127,743	137,666	146,171	161,751	174,992	199,076	212,427	214,484
Membership dues and assessments.....	6,148	6,347	6,823	6,952	6,331	6,660	7,239	7,879
Other.....	86,428	92,774	115,215	80,508	101,242	81,392	46,491	4,113
Total expenses.....	604,645	637,917	677,143	684,566	714,487	796,434	862,721	934,672
Excess of revenue over expenses (net).....	58,725	66,429	77,473	67,478	86,189	69,775	34,253	20,595
<b>DOMESTIC PRIVATE FOUNDATION INFORMATION RETURNS</b>								
Number of returns, total.....	47,917	50,774	55,113	56,658	62,694	66,738	70,787	73,255
Nonoperating foundations.....	43,966	46,066	50,541	52,460	58,840	61,501	63,650	67,101
Operating foundations.....	3,951	4,708	4,572	4,198	3,854	5,238	7,137	6,154
Total assets, book value <sup>2</sup> .....	195,570	232,565	280,920	325,672	384,565	409,524	413,577	383,516
Total assets, fair market value <sup>2</sup> .....	242,917	288,588	342,689	397,084	466,863	471,646	455,423	413,007
Investments in securities <sup>2</sup> .....	190,739	225,087	272,412	317,900	363,442	361,418	329,353	294,385
Total revenue.....	30,814	48,247	55,460	59,735	83,286	72,780	45,264	27,775
Total expenses.....	17,189	19,852	22,414	25,902	33,876	37,434	36,661	34,392
Contributions, gifts, and grants paid <sup>4</sup> .....	12,256	14,519	16,421	19,394	22,763	27,564	27,383	26,303
Excess of revenue over expenses (net).....	13,626	28,395	33,046	33,833	49,410	35,346	8,602	-6618
Net investment income <sup>5</sup> .....	20,355	26,189	34,801	39,313	57,142	48,830	25,719	17,648
<b>TAX-EXEMPT ORGANIZATION UNRELATED BUSINESS INCOME TAX RETURNS <sup>6</sup></b>								
Number of returns, total.....	36,394	40,621	39,302	46,208	42,151	38,567	35,540	35,103
With unrelated business taxable income.....	18,157	19,511	20,827	24,332	20,718	19,336	15,277	14,495
Without unrelated business taxable income.....	18,237	21,109	18,475	21,876	21,433	19,231	20,264	20,608
Gross unrelated business income <sup>7</sup> .....	6,280	7,295	7,809	7,585	7,722	8,413	7,900	7,776
Total deductions <sup>7, 8, 9</sup> .....	5,787	6,619	6,903	6,484	6,835	7,703	7,883	7,922
Unrelated business taxable income (less deficit) <sup>8</sup> .....	493	676	906	1,100	887	710	18	-146
Unrelated business taxable income.....	893	1,170	1,375	1,670	1,485	1,427	792	647
Deficit <sup>8</sup> .....	400	494	469	569	598	717	774	793
Unrelated business income tax.....	277	372	418	506	423	406	226	194
Total tax <sup>10</sup> .....	277	373	423	464	422	403	222	193

See notes at end of this section.

## Selected Historical and Other Data

**Table 17.--Taxable Estate Tax Returns as a Percentage of Adult Deaths, Selected Years of Death, 1934-2002**

[Money amounts are in thousands of dollars\*]

Selected year of death <sup>2</sup>	Total adult deaths <sup>3</sup>	Taxable estate tax returns <sup>4, 5</sup>			
		Number	Percentage of adult deaths	Total gross estate at date of death	Estate tax after credits
	(1)	(2)	(3)	(4)	(5)
1934.....	983,970	8,655	0.88	2,197,941	153,763
1935.....	1,172,245	9,137	0.78	2,084,269	195,301
1936.....	1,257,290	12,010	0.96	2,561,906	305,784
1937.....	1,237,585	13,220	1.07	2,844,112	314,620
1938.....	1,181,275	12,720	1.08	2,564,072	276,707
1939.....	1,205,072	12,907	1.07	2,441,960	250,360
1940.....	1,237,186	13,336	1.08	2,578,314	291,758
1941.....	1,216,855	13,493	1.11	2,550,473	308,342
1942.....	1,211,391	12,726	1.05	2,452,340	362,164
1943.....	1,277,009	12,154	0.95	2,720,000	404,638
1944.....	1,238,917	13,869	1.12	3,245,624	531,052
1946.....	1,239,713	18,232	1.47	3,993,298	621,966
1947.....	1,278,856	19,742	1.54	4,445,326	714,707
1948.....	1,283,601	17,469	1.36	4,271,852	567,421
1949.....	1,285,684	17,411	1.35	4,126,358	483,520
1950.....	1,304,343	18,941	1.45	4,655,892	577,401
1953.....	1,237,741	24,997	2.02	6,287,867	778,504
1954.....	1,332,412	25,143	1.89	6,387,246	778,342
1956.....	1,289,193	32,131	2.49	8,903,611	1,176,710
1958.....	1,358,375	38,515	2.84	9,995,884	1,185,620
1960.....	1,426,148	45,439	3.19	12,733,459	1,618,548
1962.....	1,483,846	55,207	3.72	14,713,504	1,840,972
1965.....	1,578,813	67,404	4.27	18,820,065	2,414,310
1969.....	1,796,055	93,424	5.20	23,459,524	2,999,965
1972.....	1,854,146	120,761	6.51	33,293,565	4,153,250
1976.....	1,819,107	139,115	7.65	40,578,379	4,979,112
1982.....	1,897,820	34,426	1.81	31,903,845	4,937,216
1983.....	1,945,913	34,899	1.79	33,434,470	5,073,787
1984.....	1,968,128	30,436	1.55	34,201,557	5,012,750
1985.....	2,015,070	22,326	1.11	35,168,822	6,044,292
1986.....	2,033,978	21,923	1.08	37,799,304	6,276,800
1987.....	2,053,084	18,157	0.88	40,907,217	6,392,989
1988.....	2,096,704	20,864	1.00	43,413,056	7,432,376
1989.....	2,079,035	23,096	1.11	51,062,975	8,953,181
1990.....	2,079,034	24,647	1.19	53,698,028	9,217,499
1991.....	2,101,746	26,680	1.27	55,363,655	9,617,366
1992.....	2,111,617	27,235	1.29	59,707,135	10,474,949
1993.....	2,204,366	32,062	1.45	72,047,377	12,559,769
1994.....	2,216,736	32,565	1.47	69,492,783	12,312,421
1995.....	2,252,471	36,651	1.63	78,756,293	14,259,048
1996.....	2,314,254	41,714	1.80	95,003,317	16,336,256
1997.....	2,258,366	47,800	2.12	104,860,580	19,957,705
1998.....	2,282,055	49,913	2.19	117,965,303	22,676,230
1999.....	2,336,840	53,819	2.30	135,076,422	24,809,821
2000.....	2,349,361	51,159	2.18	126,095,812	24,032,595
2001.....	2,363,100	49,911	2.11	132,301,775	23,393,255
2002.....	2,389,533	28,074	1.17	105,339,413	18,841,122

See notes at end of this section.

## Selected Historical and Other Data

**Table 18.--Treasury Department Gross Tax Collections: Amount Collected by Quarter and Fiscal Year, 1987-2005**

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount collected by type of return						Estate and gift taxes
	Total <sup>1</sup>	Individual income taxes <sup>2</sup>	Corporation income taxes <sup>3</sup>	Excise taxes		Employment taxes <sup>5</sup>	
				Internal Revenue Service <sup>1,4</sup>	Alcohol and Tobacco Tax and Trade Bureau <sup>4</sup>		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>FISCAL YEAR 1987, TOTAL <sup>4</sup></b>	<b>886,290</b>	<b>465,452</b>	<b>102,859</b>	<b>33,311</b>	<b>(<sup>4</sup>)</b>	<b>277,000</b>	<b>7,668</b>
October 1986 - December 1986	180,580	92,346	22,466	8,281	N/A	55,615	1,872
January 1987 - March 1987	209,032	105,483	22,649	7,925	N/A	71,156	1,819
April 1987 - June 1987	285,477	164,008	29,748	8,493	N/A	81,139	2,089
July 1987 - September 1987 <sup>4</sup>	211,201	103,615	27,996	8,612	( <sup>4</sup> )	69,090	1,888
<b>FISCAL YEAR 1988, TOTAL</b>	<b>945,614</b>	<b>473,667</b>	<b>109,683</b>	<b>25,934</b>	<b>10,507</b>	<b>318,039</b>	<b>7,784</b>
October 1987 - December 1987	200,006	97,479	24,828	6,475	2,911	66,500	1,813
January 1988 - March 1988	222,784	111,215	22,006	5,304	2,337	80,161	1,761
April 1988 - June 1988	298,938	160,018	35,991	6,550	2,763	91,426	2,190
July 1988 - September 1988	223,886	104,955	26,858	7,605	2,496	79,952	2,020
<b>FISCAL YEAR 1989, TOTAL</b>	<b>1,024,718</b>	<b>515,732</b>	<b>117,015</b>	<b>25,977</b>	<b>11,397</b>	<b>345,626</b>	<b>8,973</b>
October 1988 - December 1988	216,503	104,522	29,551	6,657	2,985	70,632	2,156
January 1989 - March 1989	238,279	114,475	20,760	6,098	2,395	92,587	1,964
April 1989 - June 1989	334,878	180,947	40,825	6,899	3,401	100,077	2,729
July 1989 - September 1989	235,059	115,788	25,879	6,324	2,615	82,329	2,124
<b>FISCAL YEAR 1990, TOTAL</b>	<b>1,066,600</b>	<b>540,228</b>	<b>110,017</b>	<b>27,139</b>	<b>10,235</b>	<b>367,219</b>	<b>11,762</b>
October 1989 - December 1989	222,867	110,077	26,390	6,184	2,790	74,982	2,444
January 1990 - March 1990	251,924	127,277	21,433	5,868	2,187	92,868	2,291
April 1990 - June 1990	343,976	181,180	37,398	8,143	2,690	110,281	4,284
July 1990 - September 1990	247,833	121,694	24,796	6,944	2,568	89,088	2,743
<b>FISCAL YEAR 1991, TOTAL</b>	<b>1,099,746</b>	<b>546,877</b>	<b>113,599</b>	<b>30,452</b>	<b>12,895</b>	<b>384,451</b>	<b>11,473</b>
October 1990 - December 1990	242,792	118,047	29,248	6,363	2,753	83,646	2,735
January 1991 - March 1991	257,078	119,891	22,974	7,107	2,919	101,569	2,618
April 1991 - June 1991	338,591	181,949	35,953	7,545	3,545	106,426	3,173
July 1991 - September 1991	261,284	126,990	25,423	9,436	3,678	92,810	2,947
<b>FISCAL YEAR 1992, TOTAL</b>	<b>1,134,195</b>	<b>557,723</b>	<b>117,951</b>	<b>33,566</b>	<b>13,395</b>	<b>400,081</b>	<b>11,479</b>
October 1991 - December 1991	249,845	117,980	28,571	8,238	3,572	88,749	2,735
January 1992 - March 1992	266,984	136,220	19,751	8,159	2,823	97,425	2,606
April 1992 - June 1992	348,986	173,437	41,930	8,311	3,539	118,503	3,266
July 1992 - September 1992	268,380	130,086	27,699	8,858	3,461	95,404	2,872
<b>FISCAL YEAR 1993, TOTAL</b>	<b>1,190,673</b>	<b>585,774</b>	<b>131,548</b>	<b>34,962</b>	<b>13,987</b>	<b>411,511</b>	<b>12,891</b>
October 1992 - December 1992	262,404	124,812	30,324	8,388	3,581	92,284	3,015
January 1993 - March 1993	285,925	154,596	21,124	8,317	3,074	96,042	2,772
April 1993 - June 1993	354,070	168,977	47,920	8,739	3,776	120,767	3,891
July 1993 - September 1993	288,274	137,389	32,180	9,518	3,556	102,418	3,213
<b>FISCAL YEAR 1994, TOTAL</b>	<b>1,290,246</b>	<b>619,819</b>	<b>154,205</b>	<b>43,005</b>	<b>13,779</b>	<b>443,831</b>	<b>15,607</b>
October 1993 - December 1993	282,891	132,790	36,088	9,907	3,525	97,012	3,569
January 1994 - March 1994	309,746	160,382	24,883	9,932	3,009	108,037	3,503
April 1994 - June 1994	386,403	182,996	55,652	10,629	3,592	128,665	4,869
July 1994 - September 1994	311,205	143,651	37,582	12,536	3,653	110,117	3,666
<b>FISCAL YEAR 1995, TOTAL</b>	<b>1,390,048</b>	<b>675,779</b>	<b>174,422</b>	<b>44,981</b>	<b>14,317</b>	<b>465,405</b>	<b>15,144</b>
October 1994 - December 1994	301,238	138,454	40,811	11,029	3,791	103,537	3,616
January 1995 - March 1995	329,624	169,977	26,137	10,791	2,982	116,503	3,234
April 1995 - June 1995	432,556	214,105	65,995	11,116	3,603	133,357	4,380
July 1995 - September 1995	326,630	153,243	41,479	12,045	3,941	112,008	3,914
<b>FISCAL YEAR 1996, TOTAL</b>	<b>1,500,351</b>	<b>745,313</b>	<b>189,055</b>	<b>42,222</b>	<b>13,805</b>	<b>492,365</b>	<b>17,592</b>
October 1995 - December 1995	320,038	148,203	46,823	11,409	3,411	106,200	3,992
January 1996 - March 1996	349,683	184,419	27,971	9,939	2,959	120,783	3,612
April 1996 - June 1996	474,823	242,754	68,509	9,835	3,532	144,825	5,368
July 1996 - September 1996	355,808	169,937	45,752	11,039	3,903	120,557	4,620

See notes at end of this section.

## Selected Historical and Other Data

**Table 18.--Treasury Department Gross Tax Collections: Amount Collected by Quarter and Fiscal Year, 1987-2005--Continued**

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount collected by type of return							
	Total <sup>1</sup>	Individual income taxes <sup>2</sup>	Corporation income taxes <sup>3</sup>	Excise taxes		Employment taxes <sup>5</sup>		Estate and gift taxes
				Internal Revenue Service <sup>1,4</sup>	Alcohol and Tobacco Tax and Trade Bureau <sup>4</sup>			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
<b>FISCAL YEAR 1997, TOTAL.....</b>	<b>1,637,157</b>	<b>825,021</b>	<b>204,492</b>	<b>44,806</b>	<b>13,883</b>	<b>528,597</b>	<b>20,356</b>	
October 1996 - December 1996.....	345,447	157,767	49,612	10,052	3,261	120,284	4,471	
January 1997 - March 1997.....	379,827	197,477	31,359	10,762	3,052	132,838	4,339	
April 1997 - June 1997.....	526,490	285,884	75,093	11,600	3,524	144,048	6,341	
July 1997 - September 1997.....	385,392	183,893	48,428	12,393	4,046	131,426	5,206	
<b>FISCAL YEAR 1998, TOTAL.....</b>	<b>1,782,997</b>	<b>928,066</b>	<b>213,270</b>	<b>45,643</b>	<b>13,588</b>	<b>557,799</b>	<b>24,631</b>	
October 1997 - December 1997.....	381,995	180,507	56,228	12,424	3,181	124,315	5,340	
January 1998 - March 1998.....	412,808	216,994	33,640	11,424	2,968	142,512	5,270	
April 1998 - June 1998.....	578,540	319,050	75,714	12,575	3,581	159,632	7,988	
July 1998 - September 1998.....	409,655	211,515	47,688	9,220	3,858	131,341	6,033	
<b>FISCAL YEAR 1999, TOTAL.....</b>	<b>1,917,643</b>	<b>1,002,186</b>	<b>216,325</b>	<b>58,586</b>	<b>13,490</b>	<b>598,670</b>	<b>28,386</b>	
October 1998 - December 1998.....	410,884	192,843	56,474	18,017	3,216	133,695	6,639	
January 1999 - March 1999.....	444,224	239,680	33,958	12,179	2,915	149,408	6,084	
April 1999 - June 1999.....	616,626	351,720	72,904	13,366	3,457	166,086	9,093	
July 1999 - September 1999.....	445,908	217,943	52,989	15,023	3,903	149,480	6,570	
<b>FISCAL YEAR 2000, TOTAL.....</b>	<b>2,112,755</b>	<b>1,137,078</b>	<b>235,655</b>	<b>54,811</b>	<b>15,838</b>	<b>639,652</b>	<b>29,722</b>	
October 1999 - December 1999.....	442,745	222,369	57,122	12,611	3,523	139,310	7,810	
January 2000 - March 2000.....	490,661	265,193	39,584	13,107	3,540	162,816	6,421	
April 2000 - June 2000.....	690,101	403,071	79,583	13,608	4,217	180,645	8,977	
July 2000 - September 2000.....	489,248	246,445	59,366	15,484	4,558	156,881	6,514	
<b>FISCAL YEAR 2001, TOTAL.....</b>	<b>2,144,654</b>	<b>1,178,210</b>	<b>186,732</b>	<b>52,419</b>	<b>15,822</b>	<b>682,223</b>	<b>29,248</b>	
October 2000 - December 2000.....	466,710	228,483	64,597	12,574	3,782	150,175	7,099	
January 2001 - March 2001.....	523,566	285,417	38,239	13,436	3,472	176,339	6,663	
April 2001 - June 2001.....	709,403	425,471	64,709	12,369	4,137	193,561	9,156	
July 2001 - September 2001.....	444,976	238,839	19,187	14,040	4,531	162,148	6,331	
<b>FISCAL YEAR 2002, TOTAL.....</b>	<b>2,033,661</b>	<b>1,037,734</b>	<b>211,438</b>	<b>52,137</b>	<b>17,034</b>	<b>688,077</b>	<b>27,242</b>	
October 2001 - December 2001.....	477,215	235,729	71,783	8,070	3,756	151,079	6,798	
January 2002 - March 2002.....	494,506	250,689	38,760	15,632	3,957	178,982	6,486	
April 2002 - June 2002.....	599,650	324,735	55,496	13,486	4,480	194,045	7,408	
July 2002 - September 2002.....	462,289	226,580	45,399	14,949	4,841	163,971	6,549	
<b>FISCAL YEAR 2003, TOTAL.....</b>	<b>1,969,648</b>	<b>987,209</b>	<b>194,146</b>	<b>52,771</b>	<b>16,719</b>	<b>695,976</b>	<b>22,827</b>	
October 2002 - December 2002.....	444,259	209,947	51,821	12,461	3,791	160,448	5,792	
January 2003 - March 2003.....	480,840	252,412	31,309	12,017	3,808	175,609	5,684	
April 2003 - June 2003.....	596,078	310,723	67,381	12,821	4,336	194,902	5,916	
July 2003 - September 2003.....	448,471	214,128	43,636	15,473	4,783	165,016	5,435	
<b>FISCAL YEAR 2004, TOTAL.....</b>	<b>2,035,472</b>	<b>990,249</b>	<b>230,619</b>	<b>54,807</b>	<b>16,970</b>	<b>717,247</b>	<b>25,579</b>	
October 2003 - December 2003.....	453,625	211,414	59,746	12,613	3,957	159,894	6,000	
January 2004 - March 2004.....	489,927	253,054	33,289	13,018	3,745	180,871	5,950	
April 2004 - June 2004.....	612,808	308,822	81,800	13,554	4,481	197,486	6,665	
July 2004 - September 2004.....	479,112	216,958	55,784	15,623	4,786	178,996	6,965	
<b>FISCAL YEAR 2005, TOTAL.....</b>	<b>2,286,837</b>	<b>1,107,501</b>	<b>307,095</b>	<b>57,252</b>	<b>17,942</b>	<b>771,442</b>	<b>25,606</b>	
October 2004 - December 2004.....	492,020	224,307	74,547	12,692	4,107	170,425	5,942	
January 2005 - March 2005.....	531,435	271,686	43,355	13,593	3,706	192,825	6,270	
April 2005 - June 2005.....	713,819	367,673	103,079	14,282	4,404	217,592	6,789	
July 2005 - September 2005.....	549,564	243,835	86,114	16,685	5,725	190,600	6,604	

See notes at end of this section.

## Selected Historical and Other Data

**Table 19.--Internal Revenue Tax Refunds: Amount Refunded by Quarter and Fiscal Year, 1987-2005**

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount refunded by type of return					
	Total <sup>1</sup>	Individual income taxes <sup>2</sup>	Corporation income taxes <sup>3</sup>	Excise taxes <sup>1,4</sup>	Employment taxes <sup>5</sup>	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
<b>FISCAL YEAR 1987, TOTAL.....</b>	<b>96,969</b>	<b>73,583</b>	<b>19,891</b>	<b>1,381</b>	<b>1,900</b>	<b>214</b>
October 1986 - December 1986 .....	8,668	3,406	4,789	111	312	50
January 1987 - March 1987.....	28,422	22,198	5,296	479	393	56
April 1987 - June 1987 .....	50,063	42,858	5,948	332	869	57
July 1987 - September 1987.....	9,816	5,121	3,858	459	326	52
<b>FISCAL YEAR 1988, TOTAL.....</b>	<b>94,480</b>	<b>74,399</b>	<b>16,477</b>	<b>1,114</b>	<b>2,263</b>	<b>227</b>
October 1987 - December 1987.....	7,701	3,437	3,727	207	275	55
January 1988 - March 1988.....	27,798	21,744	5,248	198	553	55
April 1988 - June 1988.....	49,202	43,769	3,848	421	1,114	50
July 1988 - September 1988.....	9,776	5,449	3,654	288	321	67
<b>FISCAL YEAR 1989, TOTAL.....</b>	<b>93,613</b>	<b>73,597</b>	<b>14,921</b>	<b>2,054</b>	<b>2,771</b>	<b>269</b>
October 1988 - December 1988.....	8,380	3,362	4,461	118	359	80
January 1989 - March 1989.....	32,041	26,759	4,462	182	570	67
April 1989 - June 1989.....	43,538	38,895	3,849	350	381	63
July 1989 - September 1989.....	9,654	4,581	2,149	1,404	1,461	59
<b>FISCAL YEAR 1990, TOTAL .....</b>	<b>99,656</b>	<b>76,065</b>	<b>18,324</b>	<b>2,261</b>	<b>2,677</b>	<b>329</b>
October 1989 - December 1989.....	8,487	3,094	4,605	300	409	79
January 1990 - March 1990.....	37,121	31,367	4,922	342	423	67
April 1990 - June 1990.....	43,308	36,952	4,209	549	1,492	106
July 1990 - September 1990.....	10,740	4,652	4,588	1,070	353	77
<b>FISCAL YEAR 1991, TOTAL .....</b>	<b>104,380</b>	<b>82,877</b>	<b>17,440</b>	<b>1,188</b>	<b>2,471</b>	<b>404</b>
October 1990 - December 1990.....	8,284	3,367	4,148	344	323	102
January 1991 - March 1991.....	38,020	32,811	4,286	293	538	92
April 1991 - June 1991.....	47,962	41,638	4,748	226	1,249	101
July 1991 - September 1991.....	10,114	5,061	4,258	325	361	109
<b>FISCAL YEAR 1992, TOTAL.....</b>	<b>113,108</b>	<b>88,624</b>	<b>19,688</b>	<b>1,997</b>	<b>2,398</b>	<b>401</b>
October 1991 - December 1991.....	10,072	3,607	5,639	379	346	101
January 1992 - March 1992 .....	44,657	38,183	5,750	201	430	93
April 1992 - June 1992.....	47,817	42,231	4,596	476	399	115
July 1992 - September 1992.....	10,562	4,603	3,703	941	1,223	92
<b>FISCAL YEAR 1993, TOTAL.....</b>	<b>93,580</b>	<b>74,234</b>	<b>16,035</b>	<b>958</b>	<b>1,969</b>	<b>384</b>
October 1992 - December 1992.....	7,891	3,081	4,190	208	324	88
January 1993 - March 1993.....	37,213	31,503	4,971	239	396	104
April 1993 - June 1993.....	39,325	35,353	3,195	290	397	90
July 1993 - September 1993.....	9,151	4,297	3,679	221	852	102
<b>FISCAL YEAR 1994, TOTAL.....</b>	<b>96,980</b>	<b>75,935</b>	<b>16,251</b>	<b>1,877</b>	<b>2,477</b>	<b>441</b>
October 1993 - December 1993.....	7,329	2,322	4,176	394	324	113
January 1994 - March 1994.....	34,614	27,859	5,800	403	445	107
April 1994 - June 1994.....	43,804	40,876	2,109	333	393	93
July 1994 - September 1994.....	11,233	4,878	4,165	747	1,315	128
<b>FISCAL YEAR 1995, TOTAL.....</b>	<b>108,035</b>	<b>84,056</b>	<b>19,350</b>	<b>2,223</b>	<b>1,972</b>	<b>434</b>
October 1994 - December 1994.....	9,086	3,440	4,909	319	304	114
January 1995 - March 1995.....	35,791	27,642	6,370	926	753	101
April 1995 - June 1995.....	53,388	47,433	4,904	500	443	108
July 1995 - September 1995.....	9,770	5,541	3,167	478	472	111
<b>FISCAL YEAR 1996, TOTAL.....</b>	<b>132,710</b>	<b>107,361</b>	<b>19,201</b>	<b>2,075</b>	<b>3,584</b>	<b>489</b>
October 1995 - December 1995.....	11,149	4,133	5,391	361	1,152	112
January 1996 - March 1996.....	48,625	41,633	6,103	239	538	112
April 1996 - June 1996.....	61,612	56,319	4,363	355	454	121
July 1996 - September 1996.....	11,324	5,276	3,344	1,120	1,440	144

See notes at end of this section.



## Selected Historical and Other Data

**Table 19.--Internal Revenue Tax Refunds: Amount Refunded by Quarter and Fiscal Year, 1987-2005--Continued**

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount refunded by type of return					
	Total <sup>1</sup>	Individual income taxes <sup>2</sup>	Corporation income taxes <sup>3</sup>	Excise taxes <sup>1,4</sup>	Employment taxes <sup>5</sup>	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
<b>FISCAL YEAR 1997, TOTAL.....</b>	<b>142,599</b>	<b>113,083</b>	<b>24,046</b>	<b>1,790</b>	<b>3,104</b>	<b>576</b>
October 1996 - December 1996.....	13,306	4,460	8,082	155	433	176
January 1997 - March 1997.....	58,345	51,442	5,771	493	552	87
April 1997 - June 1997.....	57,421	51,980	4,399	375	522	146
July 1997 - September 1997.....	13,525	5,201	5,794	767	1,596	167
<b>FISCAL YEAR 1998, TOTAL.....</b>	<b>153,828</b>	<b>119,499</b>	<b>27,560</b>	<b>1,600</b>	<b>4,562</b>	<b>609</b>
October 1997 - December 1997.....	10,680	4,369	5,496	165	499	151
January 1998 - March 1998.....	66,516	56,124	9,326	266	670	130
April 1998 - June 1998.....	59,172	52,613	5,506	188	683	182
July 1998 - September 1998.....	17,460	6,393	7,232	981	2,708	146
<b>FISCAL YEAR 1999, TOTAL.....</b>	<b>185,282</b>	<b>146,406</b>	<b>34,062</b>	<b>1,690</b>	<b>2,470</b>	<b>654</b>
October 1998 - December 1998.....	15,684	5,010	9,885	143	455	191
January 1999 - March 1999.....	77,493	65,467	10,648	508	741	129
April 1999 - June 1999.....	76,729	68,418	7,139	369	646	157
July 1999 - September 1999.....	15,376	7,511	6,390	670	628	177
<b>FISCAL YEAR 2000, TOTAL.....</b>	<b>195,751</b>	<b>157,837</b>	<b>30,382</b>	<b>1,802</b>	<b>4,957</b>	<b>773</b>
October 1999 - December 1999.....	16,453	6,590	8,844	176	613	230
January 2000 - March 2000.....	94,728	84,290	8,933	539	791	175
April 2000 - June 2000.....	67,353	59,386	6,625	388	773	181
July 2000 - September 2000.....	17,217	7,571	5,980	699	2,780	187
<b>FISCAL YEAR 2001, TOTAL.....</b>	<b>252,787</b>	<b>205,690</b>	<b>37,941</b>	<b>1,948</b>	<b>6,283</b>	<b>925</b>
October 2000 - December 2000.....	17,859	6,685	10,148	232	549	245
January 2001 - March 2001.....	102,741	87,193	13,984	468	897	199
April 2001 - June 2001.....	75,813	66,964	7,409	465	789	186
July 2001 - September 2001.....	56,374	44,848	6,400	783	4,048	295
<b>FISCAL YEAR 2002, TOTAL.....</b>	<b>257,644</b>	<b>183,891</b>	<b>66,758</b>	<b>2,248</b>	<b>3,944</b>	<b>803</b>
October 2001 - December 2001.....	26,567	8,665	16,659	321	700	222
January 2002 - March 2002.....	94,761	76,571	16,658	545	821	166
April 2002 - June 2002.....	107,211	87,192	18,498	625	668	228
July 2002 - September 2002.....	29,105	11,463	14,942	758	1,754	188
<b>FISCAL YEAR 2003, TOTAL.....</b>	<b>296,064</b>	<b>223,317</b>	<b>65,332</b>	<b>2,026</b>	<b>4,445</b>	<b>944</b>
October 2002 - December 2002.....	32,964	11,292	20,580	215	609	268
January 2003 - March 2003.....	126,113	105,124	19,587	526	685	191
April 2003 - June 2003.....	98,530	81,958	14,958	607	789	217
July 2003 - September 2003.....	38,457	24,943	10,207	677	2,362	268
<b>FISCAL YEAR 2004, TOTAL.....</b>	<b>270,893</b>	<b>218,667</b>	<b>45,850</b>	<b>1,955</b>	<b>3,638</b>	<b>783</b>
October 2003 - December 2003.....	30,851	10,930	18,913	220	562	226
January 2004 - March 2004.....	127,181	116,146	9,528	580	755	172
April 2004 - June 2004.....	92,443	81,049	10,062	499	646	188
July 2004 - September 2004.....	20,418	10,542	7,347	656	1,675	198
<b>FISCAL YEAR 2005, TOTAL.....</b>	<b>255,439</b>	<b>212,966</b>	<b>34,332</b>	<b>2,132</b>	<b>5,126</b>	<b>883</b>
October 2004 - December 2004.....	24,050	10,242	12,911	184	483	229
January 2005 - March 2005.....	126,559	116,060	8,530	576	1,185	207
April 2005 - June 2005.....	83,244	76,170	5,578	597	700	200
July 2005 - September 2005.....	21,586	10,494	7,313	774	2,758	246

See notes at end of this section.

## Selected Historical and Other Data

**Table 20.--Individual Income Tax Refund Offsets for Repayment of Specific Outstanding Taxpayer Obligations or Debts, by Selected Type of Program or U.S. Government Agency to Which Amount was Owed, Calendar Years of Offset, 1987-2004<sup>1</sup>**

[Money amounts are in thousands of dollars]

Selected program or agency	Number of offsets <sup>2</sup>	Refund offset amount <sup>3</sup>	Number of offsets <sup>2</sup>	Refund offset amount <sup>3</sup>	Number of offsets <sup>2</sup>	Refund offset amount <sup>3</sup>
	1987		1988		1989	
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total.....</b>	<b>1,150,365</b>	<b>566,175</b>	<b>1,194,901</b>	<b>637,504</b>	<b>1,259,297</b>	<b>708,545</b>
Department of Health and Human Services <sup>4</sup> .....	664,534	342,523	737,731	407,815	779,554	449,627
Child support (TANF) <sup>5</sup> .....	556,312	269,212	604,645	320,298	627,403	350,598
Child support (non-TANF) <sup>6</sup> .....	108,160	73,216	132,875	87,201	151,680	98,407
Program support center <sup>7</sup> .....	62	95	211	316	471	622
Social Security Administration <sup>4</sup> .....	N/A	N/A	N/A	N/A	N/A	N/A
Department of Veterans Affairs.....	129,466	54,302	52,602	23,268	56,085	27,209
Department of Education.....	278,490	137,425	315,742	167,990	334,740	191,940
Small Business Administration.....	5,834	4,031	3,949	2,530	3,816	2,648
Department of Housing and Urban Development.....	9,501	6,604	10,653	7,948	11,441	8,602
Department of Agriculture.....	6,505	3,446	4,838	2,669	66,269	24,189
Food and Consumer Service.....	N/A	N/A	N/A	N/A	N/A	N/A
Department of Defense <sup>8</sup> .....	54,950	17,561	59,533	18,202	61,804	21,622
All other.....	1,085	282	9,853	6,951	7,392	4,330
	1990		1991		1992	
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Total.....</b>	<b>1,402,111</b>	<b>804,906</b>	<b>1,565,432</b>	<b>946,210</b>	<b>1,921,944</b>	<b>1,262,622</b>
Department of Health and Human Services <sup>4</sup> .....	831,966	483,474	869,941	523,953	1,070,999	683,656
Child support (TANF) <sup>5</sup> .....	651,893	365,613	672,801	392,802	737,254	464,462
Child support (non-TANF) <sup>6</sup> .....	179,611	117,249	196,381	130,348	254,435	178,198
Program support center <sup>7</sup> .....	462	612	759	803	618	646
Social Security Administration <sup>4</sup> .....	N/A	N/A	N/A	N/A	78,692	40,350
Department of Veterans Affairs.....	50,004	23,265	38,987	17,684	29,103	13,122
Department of Education.....	432,139	257,392	575,578	363,968	720,326	516,213
Small Business Administration.....	3,403	2,307	2,374	1,640	2,218	1,609
Department of Housing and Urban Development.....	10,850	8,076	11,250	8,380	13,520	10,815
Department of Agriculture.....	7,548	6,056	8,559	7,551	20,262	12,034
Food and Consumer Service.....	N/A	N/A	N/A	N/A	9,740	3,061
Department of Defense <sup>8</sup> .....	57,952	19,777	49,085	18,116	54,509	19,198
All other.....	8,249	4,559	9,628	4,918	11,007	5,975
	1993		1994		1995	
	(13)	(14)	(15)	(16)	(17)	(18)
<b>Total.....</b>	<b>1,758,162</b>	<b>1,160,397</b>	<b>2,009,877</b>	<b>1,379,675</b>	<b>2,188,257</b>	<b>1,505,736</b>
Department of Health and Human Services <sup>4</sup> .....	947,133	619,648	1,017,452	701,529	1,165,444	828,631
Child support (TANF) <sup>5</sup> .....	701,598	448,560	749,269	507,047	848,166	591,854
Child support (non-TANF) <sup>6</sup> .....	244,780	170,404	267,546	193,939	316,707	236,198
Program support center <sup>7</sup> .....	755	684	637	543	571	579
Social Security Administration <sup>4</sup> .....	28,791	13,931	19,722	10,297	16,092	8,696
Department of Veterans Affairs.....	33,844	10,914	35,368	9,973	45,761	11,830
Department of Education.....	651,056	472,928	781,829	582,662	778,446	571,280
Small Business Administration.....	1,853	1,355	2,228	1,834	2,567	2,359
Department of Housing and Urban Development.....	11,399	8,963	10,454	9,090	10,676	9,745
Department of Agriculture.....	28,969	13,075	73,452	33,382	73,644	30,295
Food and Consumer Service.....	21,828	7,213	66,726	27,618	66,449	24,166
Department of Defense <sup>8</sup> .....	46,125	14,829	59,459	25,345	85,023	35,970
All other.....	8,992	4,754	9,913	5,563	10,594	6,930

See notes at end of this section.

## Selected Historical and Other Data

**Table 20.--Individual Income Tax Refund Offsets for Repayment of Specific Outstanding Taxpayer Obligations or Debts, by Selected Type of Program or U.S. Government Agency to Which Amount was Owed, Calendar Years of Offset, 1987-2004<sup>1</sup>--Continued**

[Money amounts are in thousands of dollars]

Selected program or agency	Number of offsets <sup>2</sup>	Refund offset amount <sup>3</sup>	Number of offsets <sup>2</sup>	Refund offset amount <sup>3</sup>	Number of offsets <sup>2</sup>	Refund offset amount <sup>3</sup>
	1996		1997		1998	
	(19)	(20)	(21)	(22)	(23)	(24)
<b>Total.....</b>	<b>2,120,935</b>	<b>1,678,504</b>	<b>2,162,102</b>	<b>1,758,154</b>	<b>2,375,081</b>	<b>1,963,834</b>
Department of Health and Human Services. <sup>4</sup>	1,241,395	1,019,612	1,303,676	1,108,125	1,309,352	1,130,941
Child support (TANF) <sup>5</sup>	879,143	716,637	902,766	764,700	876,609	754,205
Child support (non-TANF) <sup>6</sup>	361,453	302,146	400,198	342,696	432,101	376,171
Program support center. <sup>7</sup>	799	829	712	729	642	565
Less: Child support reversals.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Social Security Administration. <sup>4</sup>	30,190	17,961	27,996	17,584	62,487	39,282
Department of Veterans Affairs.....	49,989	12,743	45,479	12,476	43,290	11,430
Department of Education.....	573,308	517,169	518,844	482,241	653,997	623,914
Small Business Administration.....	3,503	3,638	3,952	4,206	4,036	4,504
Department of Housing and Urban Development.....	6,228	6,738	6,876	7,602	6,032	7,679
Department of Agriculture.....	93,884	42,504	115,076	53,680	159,633	78,056
Food and Consumer Service.....	87,203	35,843	108,612	47,162	146,127	65,476
Department of Defense. <sup>8</sup>	111,207	53,404	127,103	63,052	129,409	62,770
All other.....	11,231	4,735	13,100	9,188	6,845	5,259
	1999		2000		2001	
	(25)	(26)	(27)	(28)	(29)	(30)
<b>Total.....</b>	<b>2,764,424</b>	<b>2,606,366</b>	<b>2,869,130</b>	<b>2,763,530</b>	<b>4,307,006</b>	<b>3,101,507</b>
Department of Health and Human Services. <sup>4</sup>	1,440,993	1,479,598	1,426,635	1,479,598	2,200,333	1,714,968
Child support (TANF) <sup>5</sup>	936,622	953,682	885,635	902,037	1,262,018	965,864
Child support (non-TANF) <sup>6</sup>	503,589	525,002	540,342	581,805	937,381	746,668
Program support center. <sup>7</sup>	782	914	658	1,210	934	2,436
Less: Child support reversals.....	116,742	131,913	53,051	64,819	51,037	59,379
Social Security Administration. <sup>4</sup>	77,672	52,080	102,480	81,891	153,134	100,759
Department of Veterans Affairs.....	51,861	15,467	50,409	16,106	139,526	33,717
Department of Education.....	963,409	1,084,905	853,175	932,575	1,217,876	1,029,539
Small Business Administration.....	571	776	2,227	3,834	2,105	2,478
Department of Housing and Urban Development.....	10,909	15,382	10,565	15,988	16,062	16,593
Department of Agriculture.....	208,794	103,252	214,279	120,238	41,255	37,272
Food and Consumer Service.....	192,312	86,927	196,366	97,389	175,177	80,438
Department of Defense. <sup>8</sup>	201,756	100,280	140,588	71,008	210,102	100,654
All other.....	7,467	5,143	68,772	36,838	255,334	118,883
Less: Reversals, except child support.....	82,266	118,604	54,247	80,064	52,861	74,414
	2002		2003		2004	
	(31)	(32)	(33)	(34)	(35)	(36)
<b>Total.....</b>	<b>2,921,769</b>	<b>2,608,905</b>	<b>3,236,882</b>	<b>2,824,433</b>	<b>2,890,975</b>	<b>2,935,073</b>
Department of Health and Human Services. <sup>4</sup>	1,402,665	1,511,070	1,611,570	1,618,028	1,389,261	1,544,059
Child support (TANF) <sup>5</sup>	774,281	802,393	829,999	799,569	699,992	732,937
Child support (non-TANF) <sup>6</sup>	627,927	707,504	781,274	817,971	688,921	810,420
Program support center. <sup>7</sup>	457	1,172	297	488	348	702
Less: Child support reversals.....	49,118	58,072	-44,024	-60,757	-43,537	60,189
Social Security Administration. <sup>4</sup>	96,621	86,752	87,075	80,421	73,997	74,408
Department of Veterans Affairs.....	97,371	26,871	127,502	32,900	116,805	33,635
Department of Education.....	696,006	772,975	753,690	818,264	623,340	722,733
Small Business Administration.....	1,591	2,924	3,170	5,173	2,984	5,467
Department of Housing and Urban Development.....	8,310	12,058	9,150	12,030	6,244	9,480
Department of Agriculture.....	27,663	30,416	29,489	25,175	20,226	20,233
Food and Consumer Service.....	157,737	74,575	152,034	69,711	124,371	62,449
Department of Defense. <sup>8</sup>	123,325	78,471	166,798	97,272	157,449	89,007
All other.....	410,617	140,054	384,898	197,376	462,501	245,126
Less: Reversals, except child support.....	51,019	69,189	-44,470	-71,160	-42,666	68,287

See notes at end of this section.

## Selected Historical and Other Data

**Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1998-2005**

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year								
	1998	1999	2000	2001	2002	2003	Total	2004	
								by quarter ending--	
								December 2003	March 2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total excise tax collections.....</b>	<b>59,231,000</b>	<b>72,076,000</b>	<b>70,648,000</b>	<b>68,241,000</b>	<b>69,171,000</b>	<b>69,490,000</b>	<b>71,777,000</b>	<b>16,570,000</b>	<b>16,763,000</b>
<b>Excise tax collections or liabilities reported by the Internal Revenue Service <sup>1</sup></b>									
<b>Total excise tax collections.....</b>	<b>45,642,716</b>	<b>58,585,763</b>	<b>54,810,038</b>	<b>52,418,848</b>	<b>52,136,835</b>	<b>52,771,160</b>	<b>54,807,225</b>	<b>12,612,579</b>	<b>13,017,627</b>
<b>Tax liabilities by type of excise tax, total.....</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Retail excise taxes:</b>									
Luxury taxes:									
Passenger vehicles (expired, January 1, 2003).....	428,471	401,535	407,222	341,981	252,834	65,162	3,032	594	746
Boats (repealed, January 1, 1993).....	283	--	--	19	--	--	--	--	--
Aircraft (repealed, January 1, 1993).....	3	--	--	--	--	--	--	--	--
Jewelry (repealed, January 1, 1993).....	--	--	--	--	--	--	--	--	--
Furs (repealed, January 1, 1993).....	--	12	--	1	--	--	--	--	--
Dyed diesel fuel used in trains:									
Total, excluding floor stocks.....	206,617	170,463	170,960	167,161	147,408	162,654	127,169	39,762	25,096
Floor stocks .....	--	7	--	--	1	--	1	1	--
Dyed diesel fuel for certain intercity or local buses...	2,589	2,458	2,317	2,380	1,731	1,266	1,139	166	293
Special motor fuels:									
Total, excluding floor stocks.....	18,745	23,757	19,535	18,404	17,570	14,226	12,990	4,128	4,092
Floor stocks.....	--	-17	-1	--	--	--	--	--	--
Compressed natural gas.....	1,025	865	1,145	1,026	895	1,735	1,406	351	316
Alcohol fuels <sup>2</sup> .....	258	-377	807	5,462	408	-9,986	7,367	351	5,986
Fuels used commercially on inland waterways.....	117,313	121,903	118,666	114,110	111,311	111,058	110,364	29,674	22,200
Truck, trailer, and semitrailer chassis and bodies, and tractors.....	2,119,063	2,956,880	2,775,788	1,573,968	1,574,947	1,608,208	2,235,178	490,223	497,982
<b>Manufacturer's excise taxes:</b>									
Gas guzzlers <sup>2</sup> .....	47,687	68,327	70,788	78,157	79,705	126,685	140,834	42,879	32,666
Highway-type tires <sup>2</sup> .....	388,594	416,658	420,299	354,769	372,800	403,892	433,116	103,967	98,299
Aviation gasoline <sup>3</sup> .....	60,741	57,832	58,472	49,687	62,574	57,953	44,611	9,296	9,916
Gasoline except for use in gasohol:									
Total, excluding floor stocks.....	20,644,998	21,236,659	21,040,777	20,619,195	20,942,138	20,169,608	18,232,507	4,539,083	4,246,443
Floor stocks.....	1	-65	2	-21	2	--	--	-1	1
Diesel fuel, except for trains and intercity buses:									
Total, excluding floor stocks <sup>2</sup> .....	7,497,816	7,895,919	8,229,762	8,208,994	8,214,559	8,581,467	9,016,694	2,201,765	2,162,101
Floor stocks.....	-66	121	-133	--	--	--	--	--	--
Gasoline for use in gasohol by alcohol content:									
Total, excluding floor stocks:									
5.7 percent under 7.7 percent .....	741	42	65	9	77	2,320	15,436	2,943	3,308
7.7 percent under 10 percent .....	3,792	13,228	4,266	4,839	4,835	946	503	328	271
10 percent or more .....	241,946	231,114	265,273	243,702	302,407	358,002	306,441	83,101	75,659
Floor stocks .....	--	--	--	1	-1	--	--	--	--
Gasohol by alcohol content:									
Total, excluding floor stocks:									
5.7 percent under 7.7 percent .....	68,917	81,873	25,934	297,763	406,578	1,296,991	2,363,320	543,395	605,483
7.7 percent under 10 percent .....	123,441	180,025	59,104	146,196	176,148	91,017	97,098	52,551	43,140
10 percent or more .....	1,511,363	1,537,235	2,039,428	1,918,995	1,932,347	2,313,542	2,899,287	714,646	747,967
Floor stocks .....	--	--	--	-4	--	--	--	--	--
Aviation-grade kerosene (except gasoline) noncommercial use:									
Total, excluding floor stocks.....	195,772	173,117	159,314	187,318	287,664	286,559	322,440	65,557	99,473
Floor stocks .....	-472	58	1	--	--	--	--	--	--
Aviation-grade kerosene (except gasoline) for commercial use (other than foreign trade).....	609,750	649,900	667,647	620,044	509,944	453,361	503,696	121,302	124,051
Floor stocks .....	--	--	--	--	--	--	--	--	--
Kerosene (effective July 1, 1998).....	N/A	77,726	79,591	90,331	62,857	72,128	62,085	22,565	34,299

See notes at end of this section.

## Selected Historical and Other Data

**Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1998-2005--Continued**

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year					
	2004		2005			
	by quarter ending--		Tax rates in effect on October 1, 2004	by quarter ending--		
	June 2004	September 2004		December 2004	March 2005	June 2005
	(10)	(11)	(12)	(13)	(14)	(15)
<b>Total excise tax collections.....</b>	<b>18,035,000</b>	<b>20,409,000</b>	<b>various</b>	<b>16,799,000</b>	<b>17,299,000</b>	<b>18,686,000</b>
<b>Excise tax collections or liabilities reported by the Internal Revenue Service<sup>1</sup></b>						
<b>Total excise tax collections.....</b>	<b>13,554,146</b>	<b>15,622,873</b>	<b>various</b>	<b>12,691,788</b>	<b>13,592,926</b>	<b>14,282,139</b>
<b>Tax liabilities by type of excise tax, total.....</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Retail excise taxes:</b>						
Luxury taxes:			3 percent of price in excess of--			
Passenger vehicles (expired, January 1, 2003)....	1,159	533	\$40,000, expired 1/1/03	-224	387	604
Boats (repealed, January 1, 1993).....	--	--	N/A	--	--	--
Aircraft (repealed, January 1, 1993).....	--	--	N/A	--	--	1
Jewelry (repealed, January 1, 1993).....	--	--	N/A	--	--	--
Furs (repealed, January 1, 1993).....	--	--	N/A	--	--	--
Dyed diesel fuel used in trains:						
Total, excluding floor stocks.....	31,002	31,309	\$0.044 per gallon; reduced to \$.034 on 1/1/05; reduced to \$.024 on 7/1/05	30,094	25,766	23,948
Floor stocks .....	--	--	N/A	--	--	--
Dyed diesel fuel for certain intercity or local buses...	358	322	\$0.074 per gallon; repealed 1/1/05	245	-183	-640
Special motor fuels:						
Total, excluding floor stocks.....	1,783	2,987	\$0.136 per gallon	3,626	2,988	2,865
Floor stocks.....	--	--	N/A	--	--	--
Compressed natural gas.....	389	350	\$0.4854 per 1000 cubic feet	414	324	299
Alcohol fuels <sup>2</sup> .....	500	514	various	636	568	634
Fuels used commercially on inland waterways.....	31,921	26,569	\$0.244 per gallon; reduced to \$.234 on 1/1/05; reduced to \$.224 on 7/1/05	29,091	25,220	26,670
Truck, trailer, and semitrailer chassis and bodies, and tractors.....	614,379	632,594	12 percent of price	712,353	668,710	830,121
<b>Manufacturer's excise taxes:</b>						
Gas guzzlers <sup>2</sup> .....	32,236	33,053	various	53,185	39,233	37,868
Highway-type tires <sup>2</sup> .....	110,328	120,522	various	113,951	109,075	124,438
Aviation gasoline <sup>3</sup> .....	12,786	12,613	\$0.194 per gallon	9,657	10,283	5,812
Gasoline except for use in gasohol:						
Total, excluding floor stocks.....	4,694,503	4,752,478	\$0.184 per gallon	4,427,573	6,122,300	6,547,038
Floor stocks.....	--	--	N/A	--	--	8
Diesel fuel, except for trains and intercity buses:						
Total, excluding floor stocks <sup>2</sup> .....	2,315,153	2,337,675	\$0.244 per gallon	2,302,426	2,231,481	2,402,691
Floor stocks.....	--	--	N/A	--	--	--
Gasoline for use in gasohol by alcohol content:						
Total, excluding floor stocks:						
5.7 percent under 7.7 percent .....	4,958	4,227	\$0.16369 per gallon; repealed 1/1/05	3,737	--	-135
7.7 percent under 10 percent .....	11	-107	\$0.15596 per gallon; repealed 1/1/05	210	--	-70
10 percent or more .....	72,789	74,892	\$0.14666 per gallon; repealed 1/1/05	73,258	-22	-42
Floor stocks.....	--	--	N/A	--	--	--
Gasohol by alcohol content:						
Total, excluding floor stocks:						
5.7 percent under 7.7 percent .....	603,316	611,126	\$0.15436 per gallon; repealed 1/1/05	608,411	351	103
7.7 percent under 10 percent .....	180	1,277	\$0.14396 per gallon; repealed 1/1/05	37,983	-2,468	-22
10 percent or more .....	711,412	725,262	\$0.132 per gallon; repealed 1/1/05	813,845	12,389	13,454
Floor stocks .....	--	--	N/A	--	--	--
Aviation-grade kerosene (except gasoline) noncommercial use:						
Total, excluding floor stocks.....	78,971	78,439	\$0.219 per gallon	77,411	305,850	320,297
Floor stocks .....	--	--	\$0.219 per gallon	--	--	--
Aviation-grade kerosene (except gasoline) for commercial use (other than foreign trade).....	128,396	129,947	\$0.044 per gallon	115,485	-46,633	-82,234
Floor stocks .....	--	--	\$0.044 per gallon	--	--	--
Kerosene (effective July 1, 1998).....	4,116	1,105	\$0.244 per gallon	20,538	25,383	3,671

See notes at end of this section.

## Selected Historical and Other Data

**Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1998-2005--Continued**

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year								
	1998	1999	2000	2001	2002	2003	2004		
							Total	by quarter ending--	
								December 2003	March 2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Manufacturer's excise taxes--continued:</b>									
Coal:									
Mined underground:									
At 4.4 percent of sales price.....	183,445	190,133	197,478	183,531	155,966	134,588	125,536	33,226	29,179
At \$1.10 per ton .....	220,426	162,442	115,291	135,189	149,366	147,646	194,585	44,292	49,975
Surface mined:									
At 4.4 percent of sales price.....	69,855	78,397	79,842	90,122	103,502	109,537	120,012	28,602	29,058
At \$0.55 per ton.....	146,476	138,019	132,526	140,004	139,634	125,760	127,877	32,583	28,897
Certain vaccines <sup>2</sup> .....	153,108	169,046	163,528	152,349	161,764	179,009	171,471	40,554	43,896
Sport fishing equipment.....	94,571	97,548	100,539	100,642	97,901	97,986	10,339	19,777	31,782
Fishing tackle boxes.....	--	--	--	--	--	--	--	--	--
Electric outboard motors, sonar devices.....	2,042	1,922	2,022	2,477	2,725	2,585	3,240	728	965
Bows and arrows.....	20,278	19,792	20,502	19,094	20,297	20,947	22,058	3,309	5,535
Arrow shafts .....	--	--	--	--	--	--	--	--	--
<b>Taxes on facilities and services:</b>									
Telephone and teletypewriter services.....	4,747,227	5,248,965	5,645,239	5,737,027	5,803,631	5,809,503	5,792,246	1,442,640	1,414,587
Transportation of persons by air.....	6,168,727	6,588,088	6,963,617	6,670,357	6,157,264	6,185,415	6,675,981	1,606,388	1,555,141
Use of international air travel facilities.....	1,119,156	1,272,725	1,323,558	1,450,458	1,406,192	1,452,015	1,609,445	318,338	393,095
Transportation of property by air.....	373,049	371,487	520,576	400,286	372,119	455,209	483,691	160,352	106,904
<b>Taxes on policies issued by foreign insurers.....</b>	<b>122,664</b>	<b>117,584</b>	<b>131,672</b>	<b>152,221</b>	<b>195,634</b>	<b>292,897</b>	<b>350,790</b>	<b>79,271</b>	<b>85,329</b>
<b>Taxes related to wagering:</b>									
Certain wagers <sup>2</sup> .....	10,146	13,805	10,726	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
Occupational taxes <sup>2</sup> .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
<b>Certain other excise taxes:</b>									
Passenger transportation by water.....	18,269	25,554	24,922	27,919	31,069	33,252	34,721	8,137	8,820
Use tax on heavy vehicles <sup>1,2</sup> .....	804,947	849,226	893,457	867,345	899,367	911,445	9,340,473	86,663	205,962
<b>Environmental taxes:</b>									
Domestic petroleum (Superfund) (expired effective January 1, 1996).....	-2,741	-3,637	4	14	-4	1	-21	-19	-2
Imported petroleum (Superfund) (expired effective January 1, 1996).....	-18	1,071	2,660	337	641	-4	-11	-12	-1
Domestic petroleum (Oil Spill Liability Trust Fund) (expired effective January 1, 1995) .....	3	-128	-3	6	--	--	-4	-4	--
Imported petroleum (Oil Spill Liability Trust Fund) (expired effective January 1, 1995).....	-13	13	253	--	--	--	-3	-3	--
Certain chemicals (Superfund) (expired effective January 1, 1996) <sup>2</sup> .....	3,331	12,687	2,395	-2,258	-2,842	-687	-52	-49	-2
Certain imported substances (Superfund) (expired effective January 1, 1996) <sup>2</sup> .....	-334	-322	349	-492	-7	--	-1	-1	--
Ozone-depleting chemicals: <sup>2</sup>									
Total, excluding floor stocks.....	109,150	120,400	42,552	12,076	3,995	7,519	1,457	254	419
Floor stocks.....	11,594	6,306	2,273	1,313	1,182	905	934	191	311
Imported taxable products containing or manu- factured using ozone-depleting chemicals <sup>2</sup> .....	27,072	-6,166	17,580	11,978	-945	6,869	4,352	23,680	-19,412
<b>Taxes on Private Foundations:</b>									
Net investment income..... <sup>5</sup>	364,629	502,675	503,453	720,047	490,425	262,662	240,508	100,481	20,653
Additional excise taxes..... <sup>6</sup>	1,209	1,951	2,445	3,072	4,520	5,059	4,498	1,542	427
<b>Taxes on Black Lung Benefit Trusts <sup>2</sup> .....</b>	<b>-25</b>	<b>2</b>	<b>2</b>	<b>-1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Taxes on qualified pension and other plans:</b>									
Failure to meet minimum funding standards.....	6,467	5,307	388	652	1,851	54	3	--	--
<b>Nondeductible contributions.....</b>	<b>3,842</b>	<b>3,770</b>	<b>38</b>	<b>12,145</b>	<b>-25</b>	<b>6</b>	<b>--</b>	<b>--</b>	<b>--</b>

See notes at end of this section.

## Selected Historical and Other Data

**Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1998-2005--Continued**

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year					
	2004		2005			
	by quarter ending--		Tax rates in effect on October 1, 2004	by quarter ending--		
	June 2004	September 2004		December 2004	March 2005	June 2005
	(10)	(11)	(12)	(13)	(14)	(15)
<b>Manufacturer's excise taxes--continued:</b>						
Coal:						
Mined underground:						
At 4.4 percent of sales price.....	32,373	30,758	4.4 percent of value	28,824	21,327	17,638
At \$1.10 per ton .....	49,968	50,350	\$1.10 per ton if less than 4.4 percent of value	53,540	67,149	71,379
Surface mined:						
At 4.4 percent of sales price.....	29,992	32,360	4.4 percent of value	32,705	33,584	32,803
At \$0.55 per ton.....	33,359	33,038	\$0.55 per ton if less than 4.4 percent of value	32,396	31,114	33,270
Certain vaccines <sup>2</sup> .....	42,513	44,508	\$0.75 per dose	37,542	44,163	36,535
Sport fishing equipment.....	30,969	20,811	10 percent of sales price	20,620	29,166	30,940
Fishing tackle boxes.....	--	--	10 percent; reduced to 3 percent on 1/1/05	--	N/A	375
Electric outboard motors, sonar devices.....	1,152	395	3 percent of sales price; tax on sonar devices repealed on 1/1/05	708	882	353
Bows and arrows.....	6,634	6,580	11-12.4 percent of sales price; tax on arrows repealed on 11/22/05	3,924	5,545	5,292
Arrow shafts .....	--	--	\$ .39 per shaft as of 4/1/05	--	--	613
<b>Taxes on facilities and services:</b>						
Telephone and teletypewriter services.....	1,483,447	1,451,572	3 percent	1,458,318	1,441,623	1,494,552
Transportation of persons by air.....	1,800,660	1,713,792	7.5 percent of the price plus \$3.10 flight segment for non-rural airports <sup>7</sup>	1,629,478	1,637,485	1,904,384
Use of international air travel facilities.....	455,310	442,702	\$13.70 per person, \$6.90 for domestic segments beginning or ending in Alaska or Hawaii <sup>8</sup>	422,208	442,716	520,723
Transportation of property by air.....	107,582	108,853	6.25 percent	119,683	126,401	107,532
<b>Taxes on policies issued by foreign insurers.....</b>	<b>85,894</b>	<b>100,296</b>	<b>1 percent or 4 percent of premium paid</b>	<b>79,769</b>	<b>83,526</b>	<b>96,365</b>
<b>Taxes related to wagering:</b>						
Certain wagers <sup>2</sup> .....	( <sup>4</sup> )	( <sup>4</sup> )	\$0.25 or 2.0 percent of wager	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
Occupational taxes <sup>2</sup> .....	( <sup>4</sup> )	( <sup>4</sup> )	\$50 or \$500 per person per year	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
<b>Certain other excise taxes:</b>						
Passenger transportation by water.....	9,053	8,711	\$3.00 per passenger	6,398	10,080	9,576
Use tax on heavy vehicles <sup>12</sup> .....	137,589	503,859	\$75-\$550 per vehicle per year	86,225	221,527	159,223
<b>Environmental taxes:</b>						
Domestic petroleum (Superfund) (expired effective January 1, 1996).....	--	--	\$0.097 per barrel	--	--	--
Imported petroleum (Superfund) (expired effective January 1, 1996).....	2	--	\$0.097 per barrel	--	--	--
Domestic petroleum (Oil Spill Liability Trust Fund) (expired effective January 1, 1995) .....	--	--	\$0.05 per barrel	--	--	--
Imported petroleum (Oil Spill Liability Trust Fund) (expired effective January 1, 1995).....	--	--	\$0.05 per barrel	--	--	--
Certain chemicals (Superfund) (expired effective January 1, 1996) <sup>2</sup> .....	-1	--	\$0.22-\$4.87 per ton	--	--	--
Certain imported substances (Superfund) (expired effective January 1, 1996) <sup>2</sup> .....	--	--	various, per ton	--	--	--
Ozone-depleting chemicals: <sup>2</sup>						
Total, excluding floor stocks.....	1,114	-330	various, per pound	1,024	1,183	-542
Floor stocks.....	371	61	various, per pound	-175	-29	700
Imported taxable products containing or manu- factured using ozone-depleting chemicals <sup>2</sup> .....	1,681	-1,597	various	2,281	1,701	2,823
<b>Taxes on Private Foundations:</b>						
Net investment income.....	78,908	40,466	1 or 2 percent	157,046	38,235	126,204
Additional excise taxes <sup>6</sup> .....	1,444	1,085	various	3,235	468	2,442
<b>Taxes on Black Lung Benefit Trusts <sup>2</sup> .....</b>	<b>--</b>	<b>--</b>	<b>various</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Taxes on qualified pension and other plans:</b>						
Failure to meet minimum funding standards.....	--	--	5 or 10 percent	--	--	--
<b>Nondeductible contributions.....</b>	<b>--</b>	<b>--</b>	<b>10 percent</b>	<b>--</b>	<b>--</b>	<b>--</b>

See notes at end of this section.



## Selected Historical and Other Data

**Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1998-2005--Continued**

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year								
	1998	1999	2000	2001	2002	2003	2004		
							Total	by quarter ending--	
								December 2003	March 2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Taxes on qualified pension and other plans</b>									
--continued: <sup>11</sup>									
Excess contributions to Individual Retirement									
Accounts and others.....	7,407	8,279	10,228	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
Prohibited transactions.....	9,484	576	432	1,091	207	1,476	5	5	--
Certain excess contributions.....	8,168	6,281	1,696	542	34	17	-18	-18	--
Reversion of qualified plan assets to employer.....	46,791	22,258	46,392	2,127	175	80	--	--	--
Penalties <sup>2</sup> .....	7,847	3,662	1,857	3,958	1,887	2,446	--	--	--
<b>Taxes on undistributed income of qualified investment entities:</b>									
Real Estate Investment Trusts.....	2,183	324	62	249	73	152	--	--	--
Regulated Investment Companies.....	8,666	5,412	42	6,068	1,872	3,892	--	--	--
<b>Windfall profits tax on domestic crude oil (repealed August 23, 1988) <sup>1</sup>.....</b>	<b>-117</b>	<b>79</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Miscellaneous IRS taxes <sup>2</sup> .....	-532,553	47,385	40,226	131,718	106,214	35,543	104	104	--
Unclassified <sup>9</sup> .....	-2,983,100	6,204,178	1,191,890	335,652	369,406	318,582	869,695	-487,078	186,321
<b>Excise tax collections or liabilities reported by the Customs Service and the Alcohol and Tobacco Tax and Trade Bureau</b>									
<b>Total excise tax collections.....</b>	<b>13,588,284</b>	<b>13,490,237</b>	<b>15,837,962</b>	<b>15,822,152</b>	<b>17,034,165</b>	<b>16,718,840</b>	<b>16,969,775</b>	<b>3,957,421</b>	<b>3,745,373</b>
<b>Tax liabilities by type of excise tax <sup>10</sup>.....</b>	<b>13,531,855</b>	<b>13,478,757</b>	<b>15,636,428</b>	<b>15,771,195</b>	<b>16,989,022</b>	<b>16,678,051</b>	<b>16,942,588</b>	<b>3,954,142</b>	<b>3,739,604</b>
<b>Distilled spirits:</b>									
Domestic.....	2,857,430	2,974,674	3,043,375	3,004,527	3,138,705	3,132,577	3,220,871	839,117	671,371
Imported.....	682,280	758,726	816,922	892,230	901,173	982,016	1,074,631	304,961	238,219
<b>Wine:</b>									
Domestic.....	480,265	504,042	517,812	498,537	513,559	534,927	547,505	154,080	122,977
Imported.....	153,877	154,876	174,327	168,675	193,737	215,803	220,386	62,051	46,892
<b>Beer:</b>									
Domestic.....	3,147,823	3,168,158	3,216,402	3,171,384	3,236,231	3,189,580	3,218,708	672,199	716,930
Imported.....	272,645	321,317	350,924	383,793	414,895	415,280	441,713	102,958	95,765
<b>Tobacco products: <sup>11</sup></b>									
Domestic <sup>11</sup> .....	5,608,259	5,189,723	7,019,884	7,120,255	7,879,499	7,435,391	7,439,717	1,647,004	1,682,899
Cigarettes <sup>11</sup> .....	5,583,318	5,148,512	6,684,361 <sup>r</sup>	7,012,901 <sup>r</sup>	7,644,311 <sup>r</sup>	7,293,366	7,251,406 <sup>r</sup>	1,777,206 <sup>r</sup>	1,706,724 <sup>r</sup>
Cigars <sup>11</sup> .....	62,791	67,779	94,044	114,615 <sup>r</sup>	139,535	155,747 <sup>r</sup>	171,461 <sup>r</sup>	39,724	41,036
Papers/tubes <sup>11</sup> .....	802	1,201	1,318	929	954	1,018	1,374	325	352
Chewing tobacco and snuff <sup>11</sup> .....	29,876	29,853	40,565	43,747	49,565	52,218	53,385	12,700 <sup>r</sup>	13,367 <sup>r</sup>
Pipe/roll-your-own tobacco <sup>11</sup> .....	3,698	3,917	12,511	13,919	15,416	17,978	17,802 <sup>r</sup>	3,993 <sup>r</sup>	4,366 <sup>r</sup>
Floor stocks.....	2	--	261,917	528	115,835	1,628	--	--	--
Imported.....	64,649	114,524	196,141	252,229	404,308	475,278	470,017	115,596	110,147
<b>Firearms and ammunition.....</b>	<b>158,383</b>	<b>187,977</b>	<b>197,840</b>	<b>175,959</b>	<b>205,025</b>	<b>193,420</b>	<b>214,987</b>	<b>54,095</b>	<b>51,694</b>
<b>Special occupations.....</b>	<b>106,244</b>	<b>104,740</b>	<b>102,801</b>	<b>103,606</b>	<b>101,890</b>	<b>103,779</b>	<b>94,053</b>	<b>2,081</b>	<b>2,710</b>
<b>Alcohol and Tobacco Tax and Trade Bureau and Customs Service collections less reported amounts.....</b>	<b>56,429</b>	<b>11,480</b>	<b>201,534</b>	<b>50,957</b>	<b>45,143</b>	<b>40,789</b>	<b>27,187</b>	<b>3,279</b>	<b>5,769</b>
<b>Total collections less reported amounts.....</b>	<b>56,429</b>	<b>11,480</b>	<b>201,534</b>	<b>50,957</b>	<b>45,143</b>	<b>40,789</b>	<b>27,187</b>	<b>3,279</b>	<b>5,769</b>

See notes at end of this section.

## Selected Historical and Other Data

**Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1998-2005--Continued**

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year					
	2004		2005			
	by quarter ending--		Tax rates in effect on October 1, 2004	by quarter ending--		
	June 2004	September 2004		December 2004	March 2005	June 2005
	(10)	(11)	(12)	(13)	(14)	(14)
<b>Taxes on qualified pension and other plans</b>						
--continued:						
Excess contributions to Individual Retirement Accounts and others.....	( <sup>4</sup> )	( <sup>4</sup> )	6 percent	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
Prohibited transactions.....	--	--	5 percent	--	--	--
Certain excess contributions.....	--	--	10 percent	--	--	--
Reversion of qualified plan assets to employer.....	--	--	20 percent	--	--	--
Penalties <sup>2</sup> .....	--	--	various	--	--	--
<b>Taxes on undistributed income of qualified investment entities:</b>						
Real Estate Investment Trusts.....	--	--	4 percent	--	--	--
Regulated Investment Companies.....	--	--	4 percent	--	--	--
<b>Windfall profits tax on domestic crude oil (repealed August 23, 1988) <sup>1</sup>.....</b>	--	--	--	--	--	--
<b>Miscellaneous IRS taxes <sup>2</sup> .....</b>	--	--	various	--	--	--
<b>Unclassified <sup>9</sup> .....</b>	<b>-286,514</b>	<b>1,456,966</b>	<b>various</b>	<b>-917,866</b>	<b>-175,922</b>	<b>-628,559</b>
<b>Excise tax collections or liabilities reported by the Customs Service and the Alcohol and Tobacco Tax and Trade Bureau</b>						
<b>Total excise tax collections.....</b>	<b>4,480,854</b>	<b>4,786,127</b>	<b>various</b>	<b>4,107,212</b>	<b>3,706,074</b>	<b>4,403,861</b>
<b>Tax liabilities by type of excise tax <sup>10</sup> .....</b>	<b>4,474,406</b>	<b>4,774,436</b>	<b>various</b>	<b>4,161,013</b>	<b>3,621,489</b>	<b>4,379,180</b>
<b>Distilled spirits:</b>						
Domestic.....	862,892	847,490	\$13.50 per proof gallon	891,728	656,020	867,291
Imported.....	242,703	288,748	\$13.50 per proof gallon	336,477	255,294	274,496
<b>Wine:</b>						
Domestic.....	128,592	141,857	\$1.07 to \$13.50 per gallon	162,350	124,684	132,337
Imported.....	53,159	58,283	\$1.07 to \$3.40 per proof gallon	66,767	50,928	59,913
<b>Beer:</b>						
Domestic.....	869,662	959,917	\$7 or \$18 per barrel	677,752	697,551	846,242
Imported.....	107,736	135,253	\$18 per barrel	99,842	95,129	126,768
<b>Tobacco products: <sup>11</sup></b>						
Domestic <sup>11</sup> .....	1,977,821	2,131,994	various	1,740,955	1,591,992	1,911,509
Cigarettes <sup>11</sup> .....	1,908,593 <sup>r</sup>	1,858,884 <sup>r</sup>	\$19.50 to \$40.95 per thousand	1,830,046	1,593,104 <sup>r</sup>	1,900,114
Cigars <sup>11</sup> .....	45,539	45,161	\$1.828 to \$48.75 per thousand	43,451	44,901 <sup>r</sup>	50,636
Papers/tubes <sup>11</sup> .....	332	365	\$0.0122 to \$0.0244 per 50	273	264	349
Chewing tobacco and snuff <sup>11</sup> .....	13,497	13,821	\$0.195 to \$0.585 per pound	13,272	12,669	14,049
Pipe/roll-your-own tobacco <sup>11</sup> .....	4,610 <sup>r</sup>	4,833 <sup>r</sup>	\$1.0969 per pound	4,477 <sup>r</sup>	4,810 <sup>r</sup>	5,075
Floor stocks.....	--	--	N/A	--	10	--
Imported.....	119,876	124,399	various	127,949	95,389	104,699
<b>Firearms and ammunition.....</b>	<b>50,725</b>	<b>58,473</b>	<b>10 or 11 percent of sales price</b>	<b>55,337</b>	<b>53,351</b>	<b>51,479</b>
<b>Special occupations.....</b>	<b>61,240</b>	<b>28,022</b>	<b>\$250 to \$1,000 per dealer or manufacturer</b>	<b>1,856</b>	<b>1,151</b>	<b>4,446</b>
<b>Alcohol and Tobacco Tax and Trade Bureau and Customs Service collections less reported amounts.....</b>	<b>6,448</b>	<b>11,691</b>	<b>N/A</b>	<b>-53,801</b>	<b>84,585</b>	<b>24,681</b>
<b>Total collections less reported amounts.....</b>	<b>6,448</b>	<b>11,691</b>	<b>N/A</b>	<b>-53,801</b>	<b>84,585</b>	<b>24,681</b>

See notes at end of this section.

## Selected Historical and Other Data

**Table 22.--Selected Returns and Forms Filed or To Be Filed by Type During Specified Calendar Years, 1985-2006**

Type of return or form	Number filed in calendar year--					
	1985	1990	1995	1998	1999	2000
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Individual income <sup>1</sup></b> .....	<b>99,704,200</b>	<b>112,596,000</b>	<b>116,466,900</b>	<b>123,049,600</b>	<b>125,389,700</b>	<b>127,657,400</b>
Forms 1040, 1040A, 1040EZ, and 1040PC.....	99,528,900	112,305,000	116,059,700	122,546,900	124,887,100	127,097,200
Paper returns.....	99,528,900	108,100,900	104,252,800	97,966,600	95,557,600	91,695,100
Electronically-filed returns.....	N/A	4,204,200	11,806,900	24,580,300	29,329,500	35,402,200
Business returns .....	14,136,800	16,170,200	18,058,600	19,031,300	19,176,200	19,350,400
Schedule C or C-EZ.....	11,767,300	14,149,000	16,157,000	17,183,700	17,377,100	17,570,500
Schedule F .....	2,369,400	2,021,300	1,901,600	1,847,600	1,799,200	1,779,900
Nonbusiness returns.....	85,392,100	96,134,800	98,001,100	103,515,700	105,710,900	107,746,800
Forms 1040C, 1040NR, 1040PR, and 1040SS.....	175,300	291,000	407,200	502,700	502,500	560,200
<b>Corporation income <sup>2</sup></b> .....	<b>3,437,300</b>	<b>4,319,500</b>	<b>4,817,900</b>	<b>5,241,200</b>	<b>5,398,300</b>	<b>5,469,600</b>
Form 1120 .....	2,432,300	2,334,600	2,197,000	2,207,600	2,202,400	2,161,700
Form 1120A .....	199,700	332,000	319,100	272,500	260,800	245,500
Form 1120S.....	736,900	1,536,100	2,161,000	2,599,800	2,767,000	2,887,100
Other .....	68,400	116,800	140,800	161,300	168,100	175,300
<b>Partnership, Forms 1065 and 1065B <sup>3</sup></b> .....	<b>1,755,300</b>	<b>1,750,900</b>	<b>1,580,300</b>	<b>1,861,000</b>	<b>1,974,700</b>	<b>2,066,800</b>
<b>Estate and trust income, Forms 1041 and 1041S <sup>4</sup></b> .....	<b>2,125,000</b>	<b>2,680,900</b>	<b>3,190,900</b>	<b>3,397,600</b>	<b>3,403,300</b>	<b>3,528,900</b>
<b>Estate tax, Forms 706, 706NA, 706GS(D), and 706GS(T) <sup>5</sup></b> .....	<b>80,800</b>	<b>60,800</b>	<b>81,400</b>	<b>110,100</b>	<b>116,400</b>	<b>123,600</b>
<b>Gift tax, Form 709.....</b>	<b>97,700</b>	<b>147,700</b>	<b>216,200</b>	<b>261,200</b>	<b>291,900</b>	<b>308,600</b>
<b>Tax-exempt organizations <sup>6</sup></b> .....	<b>454,100</b>	<b>487,400</b>	<b>572,600</b>	<b>618,300</b>	<b>692,600</b>	<b>699,100</b>
Forms 990 and 990EZ.....	365,500	359,700	406,400	412,000	458,100	461,700
Form 990-PF.....	32,000	44,700	51,300	61,800	64,900	70,000
Form 990-T.....	26,200	39,100	49,800	50,200	62,800	52,600
Forms 990C, 4720, and 5227.....	30,400	43,900	65,100	94,300	106,800	114,900
<b>Employment <sup>7</sup></b> .....	<b>27,409,300</b>	<b>28,911,300</b>	<b>28,654,900</b>	<b>29,106,400</b>	<b>28,973,600</b>	<b>28,841,200</b>
Forms 940, 940EZ, 940PR.....	4,813,000	5,367,400	5,482,600	5,483,300	5,479,100	5,463,100
Forms 941, 941PR/SS/M.....	20,304,200	21,632,100	22,219,100	23,098,500	22,985,100	22,890,300
Forms 943, 943PR.....	399,100	385,400	354,700	330,900	316,200	305,500
Other.....	1,893,000	1,526,400	598,500	193,700	193,200	182,300
<b>Excise <sup>8</sup></b> .....	<b>1,160,500</b>	<b>852,000</b>	<b>788,600</b>	<b>821,900</b>	<b>822,300</b>	<b>852,500</b>
Form 2290.....	709,200	440,700	490,300	562,500	577,800	610,800
Form 720.....	416,200	339,100	225,300	194,000	183,800	174,700
Other.....	35,100	72,200	73,000	65,400	60,700	67,100

See notes at end of this section.

## Selected Historical and Other Data

**Table 22.--Selected Returns and Forms Filed or To Be Filed by Type During Specified Calendar Years, 1985-2006--Continued**

Type of return or form	Number filed in calendar year--					
	2001	2002	2003	2004	2005 (projected)	2006 (projected)
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Individual income</b> <sup>1</sup> .....	<b>130,094,300</b>	<b>130,977,500</b>	<b>130,836,700</b>	<b>131,297,500</b>	<b>132,766,200</b>	<b>134,901,700</b>
Forms 1040, 1040A, 1040EZ, and 1040PC.....	129,444,900	130,341,200	130,134,300	130,576,900	132,022,400	134,134,600
Paper returns.....	89,238,100	83,505,100	77,265,300	69,148,600	63,866,500	59,928,300
Electronically-filed returns.....	40,206,800	46,836,100	52,869,000	61,428,300	68,155,900	74,206,300
Business returns .....	19,664,500	20,072,000	20,658,500	21,475,200	21,853,600	22,231,900
Schedule C or C-EZ.....	17,904,900	18,336,500	18,944,500	19,770,600	20,171,300	20,572,100
Schedule F .....	1,759,600	1,735,500	1,713,900	1,704,700	1,682,300	1,659,800
Nonbusiness returns.....	109,780,500	110,269,100	109,475,800	109,101,600	110,168,800	111,902,700
Forms 1040C, 1040NR, 1040PR, and 1040SS.....	649,300	636,400	702,400	720,700	743,900	767,100
<b>Corporation income</b> <sup>2</sup> .....	<b>5,561,300</b>	<b>5,738,800</b>	<b>5,919,600</b>	<b>6,018,300</b>	<b>6,152,400</b>	<b>6,295,100</b>
Form 1120 .....	2,128,700	2,131,900	2,119,000	2,066,800	2,055,600	2,041,800
Form 1120A .....	235,800	229,700	225,300	214,700	208,600	201,000
Form 1120S.....	3,022,600	3,191,100	3,369,100	3,523,900	3,663,200	3,821,000
Other .....	174,200	186,200	206,200	212,800	224,900	231,300
<b>Partnership, Forms 1065 and 1065B</b> <sup>3</sup> .....	<b>2,165,000</b>	<b>2,271,800</b>	<b>2,405,400</b>	<b>2,546,400</b>	<b>2,686,200</b>	<b>2,822,100</b>
<b>Estate and trust income, Forms 1041 and 1041S</b> <sup>4</sup> .....	<b>3,918,900</b>	<b>3,658,000</b>	<b>3,705,000</b>	<b>3,722,400</b>	<b>3,757,700</b>	<b>3,800,600</b>
<b>Estate tax, Forms 706, 706NA, 706GS(D), and 706GS(T)</b> <sup>5</sup> .....	<b>122,400</b>	<b>114,000</b>	<b>87,100</b>	<b>74,200</b>	<b>48,000</b>	<b>44,900</b>
<b>Gift tax, Form 709</b> .....	<b>303,800</b>	<b>282,600</b>	<b>284,900</b>	<b>262,200</b>	<b>259,400</b>	<b>256,800</b>
<b>Tax-exempt organizations</b> <sup>6</sup> .....	<b>724,200</b>	<b>744,400</b>	<b>818,200</b>	<b>807,300</b>	<b>856,900</b>	<b>866,300</b>
Forms 990 and 990EZ.....	481,000	495,000	548,000	533,000	576,600	579,400
Form 990-PF.....	73,300	76,900	86,000	85,700	88,600	92,200
Form 990-T.....	48,200	46,400	55,200	57,700	58,700	59,600
Forms 990C, 4720, and 5227.....	121,700	126,200	129,000	131,000	133,100	135,100
<b>Employment</b> <sup>7</sup> .....	<b>28,935,800</b>	<b>29,514,200</b>	<b>30,091,200</b>	<b>30,463,600</b>	<b>30,634,400</b>	<b>28,108,000</b>
Forms 940, 940EZ, 940PR.....	5,545,400	5,546,300	5,705,600	5,757,200	5,795,300	5,816,300
Forms 941, 941PR/SS/M.....	22,919,800	23,510,100	23,942,300	24,278,400	24,422,400	21,887,000
Forms 943, 943PR.....	291,000	283,300	276,600	269,400	263,200	256,700
Other.....	179,600	174,600	166,700	158,600	153,500	147,900
<b>Excise</b> <sup>8</sup> .....	<b>815,100</b>	<b>836,400</b>	<b>844,500</b>	<b>834,800</b>	<b>835,300</b>	<b>840,000</b>
Form 2290.....	588,700	615,200	642,400	660,600	676,300	690,500
Form 720.....	164,900	161,100	142,100	118,000	103,600	95,200
Other.....	61,500	60,000	59,900	56,200	55,400	54,300

See notes at end of this section.

## Selected Historical and Other Data

**Table 23.--Taxpayers Receiving Assistance, Paid and Unpaid, Specified Tax Years 1998-2003**

[Some estimates based on samples--all data are in thousands]

Type of assistance	Tax year					
	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Returns with paid preparer signature:<sup>1</sup></b>						
All returns .....	66,551	69,250	69,115	72,477	72,519	78,753
Form 1040EZ .....	701	761	958	2,096	1,953	1,764
Form 1040A .....	4,239	3,746	4,180	3,854	3,460	3,589
Form 1040, total .....	61,611	64,743	63,977	66,526	67,106	73,400
Form 1040 Business, total .....	14,130	14,198	13,855	14,194	14,461	15,974
Nonfarm .....	12,347	12,462	12,154	12,517	12,805	14,245
Farm .....	1,783	1,735	1,701	1,677	1,656	1,729
Form 1040 Nonbusiness, total.....	47,482	50,546	50,121	52,332	52,644	57,426
With itemized deductions .....	18,140	19,239	19,678	20,889	21,252	21,671
Without itemized deductions.....	29,342	31,307	30,444	31,443	31,392	35,755
Electronically-filed <sup>2</sup> .....	18,482	22,894	26,223	30,501	33,810	42,042
<b>Assistance provided by IRS:<sup>3</sup></b>						
Telephone inquiries (including recorded telephone information) .....	110,879	93,212	110,524	85,593	88,510	77,579
Office walk-ins, information.....	9,981	9,663	9,362	9,211	8,589	7,320
Written inquiries.....	75	61	48	35	27	12
Number of taxpayers assisted by selected special programs:						
Outreach taxpayers assisted.....	523	1,416	577	11,029 <sup>4</sup>	36,957 <sup>4</sup>	72,031 <sup>4</sup>
Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE).....	3,479	3,790	3,587	3,611	1,607 <sup>5</sup>	1,935 <sup>5</sup>

See notes at end of this section.

## Notes to Selected Historical and Other Data Tables

### General notations and statements

N/A - Not applicable.

n.a. - Not available.

p - Preliminary.

r - Revised or corrected.

\* - Estimate should be used with caution because of the small number of sample returns on which it is based. See "Appendix--SOI Sampling Methodology and Data Limitations."

\*\* - Not shown to avoid disclosure of information about specific taxpayers. However, the data are combined with data in an adjacent size class, as appropriate, and included in the appropriate totals.

Detail may not add to totals because of rounding. All amounts are in current dollars. Percentages shown in some of the tables are based on dollar amounts rounded to the units indicated in the specific table headings. Therefore, they may not be as precise as percentages based on the fuller dollar amounts found in tables contained in the source publications or articles which underlie the historical tables presented in this section of the *Bulletin*.

In the data sources listed at the end of the footnotes, which cite a Statistics of Income publication or unpublished table, the following should be noted: Most of the data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data; and specific Statistics of Income reports cited include more complete discussions of sampling error and of other changes affecting comparability of the data.

See, also, the appendix to the *Bulletin* for a general description of "SOI Sampling Methodology and Data Limitations."

### Footnotes

#### Table 1

[1] Year-to-year comparability of the "all returns" total is affected by changes in dollar income filing thresholds, while year-to-year comparability of the number of returns by type of tax form used is affected by changes in the specific filing requirements, including adjustments for inflation, for

each form. In general, the filing of "short forms" (mostly Forms 1040A and 1040EZ, and Form 1040-T for 1995 only) has been encouraged by IRS to simplify both taxpayer filing requirements and IRS processing. Filing requirements for each of the short forms have, therefore, been gradually liberalized to facilitate their use. Increases in the number of short forms by type of form have mostly been at the expense of "long form" 1040 usage (although increases in the number of each of the short forms have often been at the expense of one short form over another). While the number of 1040 (paper) returns has, therefore, increased over the time period shown, the rate of increase has been reduced by the use of the short forms, and, later, by electronic filing options (see below), including, for 1991-1999, use of Form 1040PC. For additional information about the return filing requirements, see the annual reports, *Statistics of Income--Individual Income Tax Returns*.

Forms 1040, 1040A, and 1040EZ include "standard" electronically-filed ("ELF" or "e-file") returns, and Form 1040EZ returns filed electronically by telephone ("TeleFile"), starting with 1991. Form 1040PC (computer-generated "paper") returns were not reclassified for Statistics of Income for 1994-1999.

Included in the "all returns" total for 1995, but not shown separately, are returns filed on Form 1040-T, a "short form" lending itself to IRS optical scanning, which was used for this 1 year only, on an experimental basis.

[2] Starting with 1993, taxpayers could elect to assign \$3 of the income tax reported on their returns (\$6 on a joint return, if both spouses contributed) to help pay for the cost of Presidential election campaigns. To do so, a taxpayer had to check a box on the tax return. Before 1993, this tax offset was limited to \$1 (or \$2) per return. The relationship between (a) the number of returns and boxes checked and (b) the dollar amounts shown is only approximate because the frequencies and the amounts were obtained from different sources, the frequencies from Statistics of Income tax return data and the dollar amounts from IRS monthly tax collections, aggregated by calendar year. It should be noted that the

## Notes to Selected Historical and Other Data Tables

frequencies and amounts are related to the tax year for which statistics are shown, even though the designation by the taxpayer occurred in the following year, when the income tax return was filed and processed.

- [3] Less deficit.
- [4] Taxable interest includes "dividends" on deposits and withdrawable shares in mutual savings banks, savings and loan associations, and credit unions, but excludes interest from Regulated Investment Companies on money market mutual funds, which is included in "dividends" in "adjusted gross income" (AGI).
- [5] Not included in AGI. Represents interest on State and local government obligations, including tax-exempt interest dividends from Regulated Investment Companies.
- [6] Dividends in AGI exclude capital gains and liquidating dividends, reflected in the statistics for net capital gain or loss in AGI, but include interest from Regulated Investment Companies on money market mutual funds. Qualified dividends are the ordinary dividends received in tax years beginning after 2002 that met certain conditions. These included: the dividend must have been paid by a U.S. corporation or a "qualified" foreign corporation; the stock ownership must have met certain holding period requirements; the dividends were not from certain institutions, such as mutual savings banks, cooperative banks, credit unions, tax-exempt organizations, or farmer cooperatives; and the dividends were not for any share of stock which was a part of an employee stock ownership plan (ESOP).
- [7] Losses are after "passive loss" limitation.
- [8] Includes capital gains from the sale of assets held for personal use or investment, and also net gains from the sale of certain business property treated as net capital gains and from "involuntary conversions" of property, such as by casualty or theft. Also includes capital gains received from partnerships and S corporations. (See also footnote 15.)

Data represent total capital gains. Total includes capital gain distributions from Regulated Invest-

ment Companies. For other changes affecting capital gains, see *Statistics of Income--Individual Income Tax Returns*, various years. See also footnote 6.

- [9] Includes capital losses (after limitation) from the sale of assets held for personal use or investment, including losses in excess of net gains from the sale of certain business property treated as net capital losses and "involuntary conversions" of property, such as by casualty or theft. Also includes capital losses received from partnerships and S corporations. See also footnotes 6, 15, and 16.
- [10] Net gain or loss, not includable in capital gain or loss, from the sale of business property (excluding inventories and certain other assets) and "involuntary conversions" of property, such as by casualty or theft. See also footnote 15.
- [11] Excludes Individual Retirement Arrangement (IRA) distributions.
- [12] Represents total unemployment compensation.
- [13] Starting with 1994, up to 85 percent of Social Security benefits were taxable; previously, the maximum was 50 percent.
- [14] Excludes sole proprietorship (including farm) rental income or loss; these are included in business or profession net income or loss. Rental losses are before "passive loss" limitation and, therefore, exceed the amount included in AGI.
- [15] Excludes certain royalties included in the computations of capital gain or loss and of ordinary gain or loss in sales of noncapital assets.
- [16] Excludes capital gains and losses.
- [17] Includes adjustments not shown separately in this table. Total excludes certain business-related expenses, deduction for two-earner married couples, and certain alimony payments, but includes the self-employment health insurance deductions (liberalized effective 1998).
- [18] Deductible Individual Retirement Arrangement (IRA) contributions were limited, then liberalized somewhat, starting with 1997 and 1998. Contributions to education and Roth IRA's, new



## Notes to Selected Historical and Other Data Tables

- starting with 1998, were nondeductible and are, therefore, not included in the statistics.
- [19] The limitation on the deduction was raised, starting with 1999.
- [20] Deduction expired during 1994, but was later reinstated retroactively for that year. The deduction was liberalized, starting with 1995, and again starting with 1998.
- [21] Exemption amounts were indexed for inflation. Amounts were also limited for taxpayers with high incomes, starting with 1991. Statistics include exemptions for age and blindness, repealed effective 1987 and replaced by larger standard deduction amounts (see footnote 22). A check box on the return was used for taxpayers age 65 or over, in general, for use in establishing claims for the additional standard deductions, but many taxpayers not claiming the additional deductions also used the checkbox.
- The amount shown for exemptions excludes amounts in excess of AGI, which were reported but could not be used by the taxpayer. The number of exemptions and amounts also excludes the number and amounts reported on returns with no AGI, which did not figure into the computation of tax as a result.
- [22] In general, represents the sum of standard and itemized deductions from AGI to compute “taxable income” (the tax base for the regular income tax), but also includes deductions in excess of AGI that could not be used in the computation. Deductions erroneously reported on returns with no AGI were excluded from the deduction statistics.
- Includes revised itemized deductions (see also footnotes 24-25), “basic” standard deduction, and “additional” standard deductions for age 65 or over or for blindness (for changes in the standard deduction and its relation to the zero bracket amount, see *Statistics of Income--Individual Income Tax Returns*, for appropriate years). Starting with 1991, total itemized deductions are after statutory limitation (see footnote 24).
- [23] Standard deductions were indexed for inflation. Statistics for taxpayers with the additional standard deduction for age 65 or over exclude those who checked the box on tax returns indicating age 65 or over, but then itemized their deductions instead of claiming standard deductions (see footnote 21). For the percentages of AGI used for the standard deduction and the limitation on the deduction, see *Statistics of Income--Individual Income Tax Returns*.
- [24] Includes itemized deductions not shown separately in this table, including revised deductions, for “miscellaneous expenses” after limitation and for employee moving expenses. For the most part, moving expenses are excluded after 1993. In general, total itemized deductions were limited for certain high-income taxpayers, starting with 1991. This limitation was indexed for inflation, thereafter.
- [25] Deductible medical and dental expenses were limited, based on a revised percentage of AGI. The definition of expenses was expanded, effective 1997, to include payments for certain long-term care insurance premiums and for the unreimbursed cost of certain long-term care of a chronically ill individual.
- [26] State sales taxes were no longer deductible.
- [27] Deductions for mortgage real estate loan interest were limited, and, starting with 1991, personal interest was no longer deductible.
- [28] Includes “alternative minimum tax” (AMT), starting with 2000. For previous years, AMT was excluded and was reflected only in “total income tax” (see footnote 33).
- [29] Different tax rate structures for the regular income tax applied to Tax Years 1993-2001, 2002 and 2003. Indexing of tax rate boundaries for inflation existed. The preferential maximum tax rate on net long-term capital gains under “alternative tax” was revised over the years. Alternative tax was abolished, but a maximum capital gain tax rate less than the maximum regular tax rate continued to apply under certain conditions, starting with 1991; the maximum rate was further reduced, effective 1997. For additional information on changes affecting tax computations, see Table A of the appendix to the historical section of this report and *Statistics of Income--Individual Income Tax Returns*.

## Notes to Selected Historical and Other Data Tables

[30] Includes that portion of the “earned income credit” used to offset income tax before credits. Earned income credit is shown below in Table 1.

[31] Includes credits such as the low-income housing credit, child adoption credit (introduced, effective 1997), and “empowerment zone employment” (EZE) credit (introduced, effective 1994), not shown separately.

[32] Allowable credit per child was increased, starting with 1999.

[33] The statistics for all years shown are comparable. However, prior to Tax Year 2000, total income tax is the sum of two components, income tax after credits and “minimum tax” or “alternative minimum tax (AMT)”;<sup>3</sup> see footnotes 28 and 34. Starting with Tax Year 2000, total income tax is, in general, the same as income tax after credits, which was redefined to include AMT. (The small difference between the two amounts for 2000 is due mainly to the inclusion in the statistics for Tax Year 2000 of prior-year returns filed in Calendar Year 2001 that were used as proxies for Tax Year 2000 returns filed after 2001; the AMT on these returns was included in total income tax, but not in income tax before or after credits, consistent with the reporting sequence on the tax return forms for these years. The same is true for Tax Year 2002 for prior returns filed in Calendar Year 2003 for Tax Year 2000 and earlier. To a far lesser extent, the difference between total income tax and income tax after credits represents the tax on accumulation distributions of trusts, which was included in total income tax only.)

Total income tax reflects the amount reported on the tax return and is, therefore, before any examination or enforcement activities by the Internal Revenue Service. It represents the income tax liability that was payable to the U. S. Department of the Treasury.

[34] The “alternative minimum tax” (AMT) on “tax preferences,” completely replaced the former “minimum tax.” Under AMT, generally high-income taxpayers to which the tax applied were required to pay the larger of the regular income tax or the AMT. Computation of the AMT was

revised (to change the starting point for computing “alternative minimum taxable income” from “adjusted gross income” to “taxable income,” to change or eliminate many of the AMT adjustments to and exclusions from tax, and to increase a single tax rate); again for 1991 (to further increase the single tax rate); then, starting with 1993 (to substitute two higher, graduated rates for the one single rate). An additional change was the elimination of the capital gain exclusion as a tax preference subject to the AMT. As of 2004, examples of preferences or adjustments subject to recapture through the AMT were accelerated depreciation, incentive stock options, certain itemized deductions, personal exemptions, certain tax-exempt interest, and income loss from tax-shelter farm or “passive” investment activities.

AMT is shown separately in the statistics for all years. However, starting with 2000, AMT is also included in “income tax before credits,” as well as in “income tax after credits” and “total income tax.” Previously, AMT was only included in “total income tax.”

[35] In Table 1, the amounts “used to offset income tax before credits” and “used to offset other taxes” (that are income-related) are reflected in the statistics for “total tax credits”; however, “excess earned income credit (refundable)” is reflected in the statistics for tax “overpayments.” The refundable portion of the credit is the amount (in excess of the taxes) that could not be credited, including any “advance earned income credit payments” on those returns that had such an excess. (“Advance earned income credit payments” were made to employees electing to receive such payments currently through their paychecks. Such “payments” are included in the statistics only if the employees also met the tax return filing requirements; advance payments received by those not required to file are, therefore, excluded.)

[36] Represents payments reflecting the sum of “total income tax” (see footnote 33), tax recapture of certain prior-year tax credits, tax applicable to Individual Retirement Arrangements (IRA’s), and

## Notes to Selected Historical and Other Data Tables

Social Security taxes on “self-employment income” and on certain employee tip income, as well as on other income-related taxes applicable to the years shown (see *Statistics of Income--Individual Income Tax Returns*). The total also includes the following not shown separately below in Table 1: “advance earned income credit payments” and credits for (a) capital gain tax paid by a Regulated Investment Company, but considered paid by shareholders, and (b) part of the purchase price of a diesel-powered highway vehicle.

- [37] Represents tax withheld on (a) salaries and wages; (b) certain tip income; (c) pensions and annuities; (d) certain gambling winnings; and (e) distributions from profit-sharing plans, retirement plans, and Individual Retirement Arrangements (IRA’s). Also included are taxes withheld as a result of “backup withholding” on certain interest, dividends, and royalty payments, which otherwise were not subject to withholding.
- [38] Represents the sum of (a) “estimated tax,” generally paid quarterly throughout the tax year by self-employed and certain other taxpayers with insufficient or no tax withheld, and (b) prior-year tax overpayments taxpayers elected to credit to their current-year’s “estimated tax” in lieu of requesting a refund.
- [39] Represents the sum of payments made with a request for an “automatic” 4-month extension of time in which to file an income tax return, and payments with a request for an additional 2-month extension. Notwithstanding the timing of these requests, full payment of a tax estimate for the year had to be made with the original application; if adjustments to the amount thus paid were later necessitated, the difference was either refundable or payable subject to an interest charge (which is not reflected in the tax statistics).
- [40] Includes refunds (shown separately), plus credits to the following year’s “estimated tax” and the refundable portion of the “earned income credit” (see footnote 35). The taxes reflected in tax overpayments are the same as those listed in footnote 37.

SOURCE: Except for dollar amounts associated with the Presidential election campaign checkoff, data are from *Statistics of Income--Individual Income Tax Returns*, appropriate years. Depending on the year, dollar amounts associated with the Presidential election campaign checkoff were accumulated by calendar year either from U.S. Treasury Department, Internal Revenue Service, “Table S-1 Collections, Comparative Summary, Document 7038,” Report NO-Treas-103, monthly, or from unpublished monthly data from Chief Financial Officer, Office of Finance, Revenue Accounting Division, Office of Revenue Systems. See also “General notations and statements,” preceding the footnotes section.

### Table 2--Not Presented.

### Table 3

- [1] In addition to low-income taxpayers, this size class (and others) includes taxpayers with “tax preferences,” not reflected in “adjusted gross income” or “taxable income,” which are subject to the “alternative minimum tax” (included in “total income tax”), defined in Table 1, footnote 34.
- [2] A study for 1993 showed that about half of all returns with “adjusted gross income” under \$5,000 were filed by dependents of other taxpayers.
- [3] “Adjusted gross income” (AGI) minus “personal exemptions and total deductions” will not equal “taxable income” because the total of deductions and exemptions could exceed AGI and, therefore, includes amounts that could not be used in computing “taxable income.”
- [4] Less than 0.05.
- [5] Not computed.

SOURCE: *Statistics of Income--Individual Income Tax Returns*, appropriate years. See also “General notations and statements,” preceding the footnotes section.

### Table 4

- [1] Reflects changes made to data as part of the 2003 Comprehensive Revision of the National Income and Product Accounts (NIPAs). For details of this revision, see the Bureau of Eco-

## Notes to Selected Historical and Other Data Tables

conomic Analysis website at: <http://www.bea.gov/bea/dn/2003benchmark/CR2003content.htm>.

- [2] Consists of imputed rental income of owner-occupied non-farm dwellings (less actual rental income and subsidies); services to individuals furnished without payment by certain financial intermediaries; premium supplements to individuals for property and casualty insurance; farm products consumed on farms; food furnished to employees, including military and domestic service; clothing issued to military personnel; employee's lodging; and imputed income of individuals participating in the construction of their own housing.
- [3] Consists of income earned by low-income individuals who are not required to file income tax returns, of unreported income that is included in the NIPA measure, and of errors and omissions which comprise items in the portion of personal income not included in AGI and the portion of AGI not included in personal income. Also includes the net effect of errors in the IRS adjusted gross income and NIPA personal income measures. Such errors can arise from the sample used by the IRS to estimate AGI and from the source data used by BEA to estimate personal income (per NIPA).

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts (NIPA's), Table 7.19: *Comparison of Personal Income in the National Income and Product Accounts with Adjusted Gross Income as Published by the Internal Revenue Service*. This table appears periodically in the *Survey of Current Business* and can also be accessed on-line at: <http://www.bea.gov/bea/dn/nipaweb/index.asp>.

### Tables 5 and 6

- [1] See Table 4 for the differences between "personal income" and "adjusted gross income" (AGI).
- [2] Reflects changes made to data as part of the 2003 Comprehensive Revision of the National Income and Product Accounts (NIPAs). For details of this revision, see the Bureau of Economic Analysis website at <http://www.bea.gov/bea/dn/2003benchmark/CR2003content.htm>.

- [3] Data for years 1987 and after are not comparable to pre-1987 data because of major changes in the definition of "adjusted gross income" (AGI).

SOURCE: Data on "personal income" and "adjusted gross income" (AGI) (per NIPA's) are from U.S. Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts (NIPA's), Table 7.19: *Comparison of Personal Income in the National Income and Product Accounts with Adjusted Gross Income as Published by the Internal Revenue Service*. This table appears periodically in the *Survey of Current Business* and can also be accessed on-line at: <http://www.bea.gov/bea/dn/nipaweb/index.asp>. Data on "adjusted gross income" (AGI) (per SOI) in Table 6 are from *Statistics of Income-Individual Income Tax Returns*, appropriate years.

### Table 7

- [1] Sum of standard and itemized deductions, plus charitable contributions deduction reported on standard deduction returns for Tax Years 1982-1986. Amount of total deductions for 1950-1957 was estimated by Joseph A. Pechman, The Brookings Institution, using his estimate of the standard deduction for these years (see footnote 4) plus the total for itemized deductions published in *Statistics of Income--Part 1* for 1950-1953 and *Statistics of Income--Individual Income Tax Returns* for 1954-1957. Starting with 1958, total deductions were obtained directly from *Statistics of Income--Individual Income Tax Returns*. Deductions exclude amounts shown as "statutory adjustments" in Table 1. For Tax Years 1987-1988, total deductions also include the "zero bracket amount" reported on a small number of returns (see footnote 4). It includes total deductions as reported by taxpayers, even if the total exceeded "adjusted gross income" (AGI) and, therefore, could not be used.
- [2] See Tables 5 and 6, footnote 3.
- [3] Series revised, starting with the Spring 1997 *Bulletin*, to exclude from the standard deduction statistics the relatively small number of returns with no adjusted gross income and no deductions. Previously, these returns were classified as if they



## Notes to Selected Historical and Other Data Tables

showed a standard deduction. For the 1977-1986 statistics, the standard deduction is the “zero bracket amount” (reported on returns with only a “zero bracket amount”). Such an amount was also included for a small number of returns for 1987-1988 (see footnote 4). For years in which the “zero bracket amount” was in effect, frequencies shown for standard deduction returns were derived by subtracting the number reporting an income tax liability, but no itemized deductions, from the total of all returns. For 1950-1952, returns with itemized deductions include the small number of returns with no deductions and, for 1950-1954, the small number with no income, regardless of whether or not deductions were itemized. For later years, returns in these two categories were excluded from all the deduction statistics in this table.

[4] Amount of standard deduction for 1950-1957 was estimated by Joseph A. Pechman, The Brookings Institution, on the basis of the distribution of the number of returns by income class and marital status in *Statistics of Income--Part 1* for 1950-1953 and *Statistics of Income--Individual Income Tax Returns* for 1954-1957, and, starting with 1958, was obtained directly from *Statistics of Income--Individual Income Tax Returns*. It represents the “zero bracket amount” for 1977-1986. Starting with 1987, it represents the sum of “basic” and “additional” standard deductions (for age 65 or over and for blindness); also includes the “zero bracket amount” reported on the small number of prior-year returns filed in 1988-1989 that were included in the 1987-1988 statistics as proxies for returns due but not received.

[5] For 1977-1986, total itemized deductions are before subtraction of the “zero bracket amount.” Starting with 1991, total itemized deductions are after statutory limitation (see Table 1, footnote 24).

SOURCE: Except as indicated in footnotes 1 and 4, *Statistics of Income--Individual Income Tax Returns* and unpublished tables, appropriate years. Data referred to in footnote 4 which are attributed to Joseph

A. Pechman are from Pechman, *Federal Tax Policy*, fifth edition, The Brookings Institution, 1987. See also “General notations and statements,” preceding the footnotes section.

### Table 8

- [1] See Table 4 for differences between “personal income” and “adjusted gross income.”
- [2] Reflects changes made to data as part of the 2003 Comprehensive Revision of the National Income and Product Accounts (NIPAs). For details of this revision, see the Bureau of Economic Analysis website at <http://www.bea.gov/bea/dn/2003benchmark/CR2003content.htm>.
- [3] Note that the “taxable income” tax base excludes the base for computing both the “minimum tax” and “alternative minimum tax” components of “total income tax.” Therefore, the percentages shown in column 6, starting with 1970, are only approximate. See also Table 1, footnote 34. Also, because conceptually “taxable income” did not exist prior to 1954, the taxable income shown for 1950-1953 and the percentages based on it in columns 3 and 6 are estimated, in part, by adjusting available statistics for statutory “net income” for these years.

SOURCE: Data on “Personal income” are from the Bureau of Economic Analysis’ National Income and Product Accounts, Table 2.1: *Personal Income and Its Disposition*. This table appears in the *Survey of Current Business* and can also be accessed online at: <http://www.bea.gov/bea/dn/nipaweb/index.asp>. Data on “Taxable income (per SOI)” and “Total income tax (per SOI)” are from *Statistics of Income--Individual Income Tax Returns*, various years.

### Table 9

- [1] Starting with 1975, includes the refundable portion of the “earned income credit.”

SOURCE: *Statistics of Income--Individual Income Tax Returns* and unpublished tables, appropriate years. See also “General notations and statements,” preceding the footnotes section.

## Notes to Selected Historical and Other Data Tables

**Table 10**

- [1] Represents the number of returns, even if there was more than one business per return.
- [2] "Total deductions" include amounts not shown separately in this table, as well as amounts not itemized separately on Schedule C-EZ (short form) used by certain of the smaller businesses. Most deductions for which statistics are shown are slightly understated to the extent that only total deductions had to be reported on Schedule C-EZ. Total deductions exclude disallowed "passive losses"; but net income (less deficit), net income, and deficit reflect these losses. In addition, net income (less deficit), net income, and deficit are after adjustment for the passive loss carryover from prior years. Therefore, "business receipts" minus "total deductions" do not equal "net income (less deficit)."

NOTE: There are slight differences between: (a) the number of individual income tax returns "with business or profession net income or loss" and the associated amounts, based on the summarized totals on the face of the tax return (Table 1), and (b) the related number of individual income tax returns "with nonfarm business net income or deficit" and the associated amounts, based on data from Schedules C filed in support of the total on the face of the return (Table 10). These differences result from the somewhat larger tax return samples underlying the sole proprietorship statistics for more recent years, and also from the taxpayer reporting variations and inconsistencies, e.g., in the occasional misreporting of farm versus nonfarm business activity on the face of the return compared to what was indicated in supporting schedules, and in the equating of certain partnership income or employee business expenses with the presence of sole proprietorship activity.

SOURCE: *Statistics of Income--Sole Proprietorship Returns*, appropriate years, and *Statistics of Income Bulletin*, Summer issues (for most years). See also "General notations and statements," preceding the footnotes section.

**Table 11**

- [1] Certain small partnerships were not required to file balance sheets.

- [2] Number of limited partnerships, limited liability companies, and the associated number of partners are understated because some businesses failed to answer the question about type of partnership on their tax returns as originally filed.
- [3] Total assets, total liabilities, and partners' capital account represent end-of-year amounts. Moreover, they are understated somewhat because not all partnerships included a complete balance sheet and because of the reporting requirement mentioned in footnote 1, above.
- [4] Short-term debt is the abbreviated title for mortgages, notes, and bonds payable in less than 1 year.
- [5] Long-term debt is the abbreviated title for mortgages, notes, and bonds payable in 1 year or more.
- [6] "Total receipts" and "total deductions" include amounts not shown separately. Only the net incomes or deficits from farming, rents, and royalties were tabulated; the positive amounts were included under "total receipts" and the negative amounts under "total deductions." The related expenses were not tabulated. Total receipts were computed for the statistics as the sum of "total income from a trade or business"; and the following income distributed directly to partners: "ordinary" gain from sales of property other than "capital assets"; "ordinary" income from estates, trusts, and other partnerships; portfolio income, comprising interest, dividends, royalties, and other portfolio income (excluding net capital gains, see below); and rental real estate income (positive amounts only); and income from other rental activities (positive amounts only).
- Total deductions were computed as the sum of "cost of goods sold," or "cost of sales and operations," "total deductions from a trade or business," and the following, which were allocated directly to partners: "ordinary" loss from sales of property other than "capital assets"; "ordinary" loss from estates, trusts, and other partnerships; rental real estate losses; other rental losses; and portfolio losses (excluding net capital losses).

## Notes to Selected Historical and Other Data Tables

Portfolio income or loss from sales of “capital assets” was intentionally omitted from receipt and deduction statistics to improve comparability with earlier years. Therefore, the statistics in Table 11 will not agree with statistics in articles on partnerships that appear in prior issues of the *Bulletin*. See also footnote 8, below.

- [7] Represents the more complete amounts reported in depreciation computation schedules, rather than the amounts reported as the depreciation deduction.

SOURCE: *Statistics of Income--Partnership Returns*, appropriate years, and *Statistics of Income Bulletin*, Summer or Fall issues (for most years). See also “General notations and statements,” preceding the footnotes section.

### Table 12

- [1] Excludes business income tax returns filed by tax-exempt organizations. See Table 16.
- [2] Size classes for corporations are based on “business receipts,” i.e., gross amounts from sales and operations, for industries (a) except those in the “finance, insurance, and real estate” industrial division, using the former Standard Industrial Classification or SIC system for years preceding 1998, (b) then, starting with 1998, except those in the “finance and insurance” industrial sector and those in the “management of companies (holding companies)” sector (which includes bank holding companies, as well as other holding companies), using the North American Industrial Classification System or NAICS. For the groupings comprising these two exceptions, “total receipts,” which are the sum of business receipts and investment income, were used instead of “business receipts” as the basis for the size classification. Because of the differing treatment of holding companies (other than bank holding companies) and of real estate and rental and leasing, the statistics, starting with 1998, are not completely comparable with those for earlier years.
- [3] Includes returns with no “business receipts” (or no “total receipts” in the case of certain corporations as described in footnote 2).

- [4] Beginning Tax Year 2001, size of assets of under \$500,000 and \$500,000 under \$1,000,000 replaced size of assets of under \$100,000 and \$100,000 under \$1,000,000, of earlier years. Also, size of assets of \$250,000,000 under \$500,000,000; \$500,000,000 under \$2,500,000,000; and \$2,500,000,000 or more are shown beginning with Tax Year 2001.
- [5] Includes corporations and partnerships with “zero assets and liabilities.” For corporations, returns with zero assets represent final returns of liquidating or dissolving corporations which had disposed of all assets; final returns of merging corporations whose assets were included in the returns of the acquiring corporations; part-year returns of corporations changing accounting periods (except for certain newly-incorporated businesses); and returns of foreign corporations with income “effectively connected” with a U.S. business (except foreign insurance companies providing separate balance sheets for U.S. branches). For partnerships, returns with zero assets include businesses not required to file balance sheets, as well as businesses that failed to provide balance sheets on their returns as originally filed. See also Table 11, footnote 1.
- [6] Size classes for partnerships are affected by changes in the definition of receipts. (See Table 11, footnote 6.) Only partnership net rental income is reflected in the size distribution.
- [7] Sole proprietors are not required to provide balance sheet information.

NOTE: Statistics for corporations are for accounting periods ended July of one year through June of the next. Thus, for example, corporation data for 2003 are for accounting periods ended July 2003 through June 2004. Statistics for nonfarm sole proprietorships and partnerships are, in general, for the calendar year.

SOURCE: *Statistics of Income--Corporation Income Tax Returns*; *Statistics of Income--Partnership Returns*, *Sole Proprietorship Returns*, and *Business Income Tax Returns*, depending on the year; and *Statistics of Income Bulletin*, Summer or Fall issues (for most years). See also “General notations and statements,” preceding the footnotes section.



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**Table 13**

- [1] Excludes inactive corporation returns. Excludes taxable farmers' cooperatives; Real Estate Mortgage Investment Conduits (REMIC's); Foreign Sales Corporations (FSC's) and Interest-Charge Domestic International Sales Corporations (IC-DISC's).

Starting with 1997, corporations that otherwise qualified as S corporations, but that had subsidiaries, could qualify, provided the subsidiaries also qualified as S corporations. These subsidiaries, which previously filed separate returns, are included in the income tax returns of the parent S corporations.

Because of the definition of S corporation net income, totals for receipts and deductions are slightly understated to the extent that they were not directly related to the "income from a trade or business" reported by these companies. Comparability of data for "returns with net income" is also affected by a change in the Statistics of Income definition of Regulated Investment Company net income for certain years. For additional information about these changes and the estimated effect they have on the net income statistics, see footnote 16, below.

- [2] Consolidated returns were filed on an elective basis for groups of affiliated corporations (with exceptions), in general, if 80 percent or more of the stock of the affiliates was owned within the group, and a common parent corporation owned at least 80 percent of the stock of at least one of the affiliates. Consolidated returns exclude S corporations (defined in footnote 4), although, starting with 1997, S corporation returns could include subsidiaries that were also S corporations. Returns filed by parent S corporations which include qualifying subsidiaries are included in the S corporation frequencies shown below in Table 13. Consolidated returns also exclude all real estate investment trusts (REIT's).
- [3] Included in "number of returns, total" and "number with net income."
- [4] In general, certain small qualifying corporations that elected to be taxed at the shareholder level.

These corporations could have no more than 75 shareholders (mostly individuals), starting with Income Year 1997; no more than 35 for Income Years 1983-1996. Starting with 1997, S corporation returns could include subsidiaries if the subsidiaries also qualified as S corporations, with income and financial data for both parent and subsidiaries combined on the return of the parent corporation.

- [5] Balance sheet data are end-of-year amounts.
- [6] Inventories include amounts reported by real estate subdividers and developers.
- [7] Tax-exempt securities include not only investments in State and local government obligations, but also stock in investment companies that distributed dividends during the current year representing tax-exempt interest on such obligations.
- [8] After 1990, accounts payable of banking and savings and loan institutions could include deposits and withdrawable shares previously reported in "other current liabilities."
- [9] Starting with 1998, amounts for "adjustments to shareholders' equity" are reported separately on the tax return. Previously, these amounts were part of "Retained Earnings Unappropriated."
- [10] In general, Statistics of Income data for receipts, deductions, and net income (or deficit) of S corporations are limited to those attributable to a trade or business. Therefore, most investment income or loss, such as from taxable interest, dividends, rents, royalties, and gain (loss) from sales of investment property; the deductions related to this income; and deductions for charitable contributions, intangible drilling and development costs, oil and gas depletion, foreign taxes paid, and the limited expensing of the cost of depreciable assets (Code section 179) are not reflected in net income (because they were allocated directly to shareholders instead). See also footnote 4.

The statistics for the cost of goods sold exclude estimates of the cost of operations from expense data reported elsewhere on the tax return

## Notes to Selected Historical and Other Data Tables

(often in “other deductions”) by corporations reporting “business receipts” without a corresponding cost of goods sold. These corporations were assumed to have a cost of operations that was not reported as such. Most of the companies involved were classified either in the transportation and public utility or services industries.

For all years, identifiable amounts of depreciation, depletion, amortization, taxes paid, advertising, bad debts, compensation of officers, employee plan contributions, interest paid, and rent paid found in taxpayer schedules in support of the total cost of goods sold were transferred to their respective deduction headings for the statistics. This enabled more complete statistics for these expenditures to be produced.

- [11] “Business receipts” include the gross proceeds (netting during statistical processing against the cost of these sales) reported by stock and commodity brokers and exchanges, and by real estate subdividers, developers, and operative builders, even when they bought and sold securities, commodities, and real estate on their own account.
- [12] “Other interest” includes any dividends reported in combination with interest on the Form 1120S tax return by S corporations, i.e., certain corporations that elect to be taxed through shareholders (see footnote 4).
- [13] Identifiable amounts reported on Form 1120-A are included in the statistics for the appropriate deduction. “Other deductions” include certain amounts previously treated as part of the combined “cost of goods sold” for Statistics of Income. See also footnote 10.
- [14] In general, “total receipts less total deductions” include tax-exempt interest on State and local government obligations, but exclude income from related foreign corporations only “constructively” received. As such, “total receipts less total deductions” represent all income, taxable and nontaxable, “actually” received by the corporation, as reported on the corporation income tax return, and exclude all income only “constructively” or “deemed” received. In contrast, “net income (less deficit)” represents all taxable

income, actually or constructively received. Therefore, in the statistics, “total receipts less total deductions” minus “nontaxable interest on State and local government obligations” plus “constructive taxable income from related foreign corporations” equal “net income (less deficit).” For the exception, due to Regulated Investment Companies, see footnote 16.

- [15] Represents “income” that was only “constructively” or “deemed” received from foreign corporations and that was taxed to the U. S. corporation. (In general, such income was otherwise subject to U. S. income tax only when actually repatriated as dividends.) For the statistics, it is the sum of “includable income of Controlled Foreign Corporations” and the “foreign dividend gross-up,” reported separately on the tax return. The “includable income” was comprised of specific types of undistributed income earned by a Controlled Foreign Corporation that were taxed under certain conditions to the U. S. shareholder corporations unless an actual “minimum distribution” was made. The foreign dividend gross-up represents a share of the foreign taxes paid on the profits of certain foreign subsidiaries out of which they paid dividends to their U. S. parent corporations and for which the parent corporation then claimed a foreign tax credit.
- [16] “Net income (less deficit),” “net income,” and “deficit” exclude: (a) net long-term capital gain reduced by net short-term capital loss reported by Regulated Investment Companies (see footnote 14), and (b) amounts other than from a trade or business, i.e., portfolio and rental income, reported by S corporations (see footnote 4). With respect to Regulated Investment Companies, the amounts excluded from final statistics were: \$57.2 billion for 1995; \$192.6 billion for 1998; \$252.3 billion for 1999; \$296.6 billion for 2000; \$41.1 billion for 2001, \$12.9 billion for 2002; and \$20.2 billion for 2003. Estimates of the S corporation net income (less deficit) excluded from the final statistics in Tables 13-14 is as follows: \$22.2 billion for 1995; \$56.9 billion for 1998; \$56.4 billion for

## Notes to Selected Historical and Other Data Tables

1999; \$59.4 billion for 2000; \$45.1 billion for 2001; \$32.9 billion for 2002; and \$42.1 billion for 2003. For additional information about S corporation net income, see the various articles on S corporations in the *Bulletin*, starting with 1995.

[17] For most years, “income subject to tax” (the corporate tax base) exceeds “net income (less deficit)” in the statistics, chiefly because of the deficits reported on returns without net income. Moreover, it is the sum of the several tax bases applicable over time to different classes of corporations, not all of which were directly related to net income. Income subject to tax thus includes the “taxable income” base used by most companies (and defined for the statistics as net income minus certain statutory special non-business deductions, such as for intercorporate dividends received and “net operating losses” carried forward from prior years). Profits of S corporations were mostly taxed through shareholders (who had to be individuals, estates, or trusts).

[18] Includes Personal Holding Company tax; tax on “branch profits” of foreign corporations with U.S. operations; and certain lesser taxes, including special taxes applicable to Real Estate Investment Trusts (REITs) and foreign corporations with U.S.-source income. Total income tax includes an environmental excise tax reported on the corporation income tax return and collected as part of the corporation income tax. This tax was repealed, effective during 1996.

“Total income tax” more closely represents worldwide income tax liability because it is before subtraction of the foreign tax credit, the largest of the tax credits. To the extent that foreign tax credits adequately reflect the total foreign income tax burden, total income tax includes these taxes. See also footnotes 20, and 23.

[19] Under AMT, corporations are required to compute their regular tax liability and their “tentative minimum tax” liability. The difference between the “tentative minimum tax” and the regular tax is the legally defined alternative minimum tax. The

AMT was designed to ensure that, at least, a minimum amount of income tax was paid in spite of the legitimate use of exclusions, deductions, and credits. For tax years beginning after 1997, new corporations and certain small corporations were not subject to the AMT.

[20] Tax credits are applied against “regular tax” only. See also footnote 21.

[21] In publications prior to Fall, 2003, data in this table for foreign tax credit for 1995 and 1998, and for U.S. possessions credit for 1995, were revised, based on results of special studies. Subsequently, the data have been restored to their original values to be consistent with published corporate data and to be comparable with data for 1999-2003.

[22] The general business credit includes the following components and their years of implementation, almost all of which were subject to a combined overall limitation, therefore the amounts shown in the table for these credits are tentative: the alcohol fuel credit, the investment credit, the work opportunity credit, (formerly the “jobs credit”), the welfare to work credit, the orphan drug credit (1996), increased research expenditures credit, low-income housing credit, “disabled access” credit (1990), enhanced oil recovery credit (1991), renewable electricity production credit (1992), Indian employment credit (1993), employer social security and Medicare taxes paid on certain employee tips credit (1993), contributions to selected community development corporations credit (1993), the trans-Alaska pipeline liability fund credit, and general credits from an electing large partnership (Schedule K-1 (Form 1065-B)), small employer pension plan startup costs credit (2002), employer-provided child care facilities and services credit (2002), and new markets credit (2002).

The empowerment zone and renewal community employment credit (1994), and New York Liberty Zone business employee credit (not shown separately, 2001), while components of the general business credit, have separate tax liability limits and are not subject to the combined limitation.

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For other changes in the definition of components of the general business credit, see *Statistics of Income—Corporation Income Tax Returns*, for the years concerned.

- [23] “Total income tax after credits” is before any examination or enforcement activities by the Internal Revenue Service. It is the amount payable to the U.S. Government as reported on the income tax return. Because it is after subtraction of foreign tax credit, this total does not include income taxes paid to foreign governments. In publications prior to Fall, 2003, amounts shown for 1995 and 1998 had been revised because of revisions to the foreign tax credit (for each of these years) and to the U.S. possessions credit (for 1995) based on special studies. Subsequently, the data have been restored to their original values to be consistent with published corporate data and to be comparable with data for 1999-2003.

NOTE: Statistics are for corporate accounting periods ended July of one year through June of the next. Thus, for example, data for 2003 are for accounting periods ended July 2003 through June 2004.

SOURCE: *Statistics of Income--Corporation Income Tax Returns*. Additional data on the foreign tax credit and U.S. Possessions Credit from special indepth studies are included in various issues of the *Statistics of Income Bulletin*. See also “General notations and statements,” preceding the footnotes section.

### Tables 14a and 14b

- [1] Industrial classification is based on the product or service accounting for the largest percentage of “total receipts.” (Total receipts are the sum of business or gross receipts, plus capital gains and income from investments, including rentals.) Starting with 1998, this classification is based on the North American Industry Classification System (NAICS), which replaced the Standard Industrial Classification (SIC) system. The SIC, in its various versions, was used to classify statistics for the years before 1998. Both systems were intended for Government-wide use in classifying business statistics. (For information about NAICS and its usage in Canadian, Mexican, and U.S. Government statistics, see the *Statistics*

*of Income Bulletin*, Summer 1997, Volume 17, Number 1, pp. 3-5.) Because there are substantial differences between NAICS and its predecessor SIC system, data by “industrial sector” for years beginning with 1998 (Table 14b) are shown apart from data for earlier years by “industrial division” (Table 14a). As an example of differences between the two systems, using NAICS, *Statistics of Income* classifies banks that were bank holding companies in the new “management of companies (holding companies)” sector, instead of in the “finance and insurance” sector. Using the SIC, bank holding companies had previously been classified in the “finance, insurance, and real estate” industrial division. For additional information about breaks in comparability caused by the changeover to NAICS, see *Statistics of Income--1998, Corporation Income Tax Returns*.

If information for the business activity and product was not discernible from the corporation income tax return, the return was classified as with nature of business “not allocable.” Data for nature of business “not allocable” are included in the totals for “all industrial divisions” (Table 14a) and “all industrial sectors” (Table 14b), but are not shown separately. Therefore, in addition to rounding differences, the statistics by industrial division or sector will not add to their respective grand totals.

- [2] See Table 13, footnote 1.
- [3] Balance sheet data are end-of-year amounts. Net worth is the sum of “capital stock,” “additional paid-in capital,” “retained earnings, appropriated,” “retained earnings, unappropriated,” and “adjustments to shareholders' equity” minus “cost of treasury stock.” (Prior to 1997, data for “retained earnings, unappropriated” included “adjustments to shareholders' equity,” not reported separately on the tax return.) Each of these amounts is presented separately in Table 13.
- [4] See Table 13, footnotes 10 and 14.
- [5] See Table 13, footnote 11.
- [6] Interest received is the sum of “interest on State and local government obligations” (i.e., tax-exempt interest) and “other interest” (which includes interest paid by banking and savings institutions). Data for both of these amounts are



## Notes to Selected Historical and Other Data Tables

presented separately in Table 13. See also Table 13, footnote 12.

- [7] In addition to regular tax, includes certain other taxes either shown separately in Table 13 or mentioned in Table 13, footnote 18.

- [8] Beginning with tax year 1987, "Alternative tax" was repealed.

NOTE: Statistics are for corporate accounting periods ended July of one year through June of the next. Thus, for example, data for 2003 are for accounting periods ended July 2003 through June 2004.

SOURCE: *Statistics of Income--Corporation Income Tax Returns*. Additional data on the foreign tax credit and U.S. Possessions Credit from special indepth studies are included in various issues of the *Statistics of Income Bulletin*. See also "General notations and statements," preceding the footnotes section.

### Table 15

- [1] In general, includes profits of U.S. corporations filing income tax returns as recorded in Statistics of Income, but with exceptions and adjustments (see below). Also includes profits of nonprofit institutions that primarily serve business and income of Federal Reserve Banks and Federally-sponsored credit agencies. However, profits of S corporations, only partially included in Statistics of Income data for recent years, are excluded from profits in the National Income and Product Accounts (NIPA) and are treated, instead, as "personal income" (see Table 4). For other corporations excluded in NIPA profits, see footnote 2, below, and footnote 1, Table 13.

Compared to Statistics of Income net income, profits for NIPA purposes are defined to include tax-exempt interest on State and local government obligations, but to exclude capital gains and losses, intercorporate dividends received, depletion, and bad debt losses. Consistent with Statistics of Income, NIPA profits reflect the inventory and depreciation accounting practices used for tax purposes. NIPA profits include income earned abroad by U.S. corporations, but exclude profits earned in the United States by foreign corporations.

- [2] Reflects changes made to data as part of the 2003 Comprehensive Revision of the National Income and Product Accounts (NIPAs). For details of this revision, see the Bureau of Economic Analysis Web site at <http://www.bea.gov/bea/dn/2003benchmark/CR2003content.htm>.

- [3] For Statistics of Income, "net income (less deficit)" and "income subject to tax" exclude taxable cooperatives, starting with the 1985 data; Real Estate Mortgage Investment Conduits (REMIC's), starting with 1987; and Personal Service Corporations for 1988-1993. Net income (less deficit), starting with 1985, excludes Foreign Sales Corporations (FSC's) and Interest-Charge Domestic International Sales Corporations (IC-DISC's). See also Table 13, footnote 1. For changes in the definition of Regulated Investment Company and S corporation net income, see Table 13, footnote 18. For the coverage of corporations and the definition of corporate profits used for the National Income and Product Accounts, see footnote 1, above.

- [4] For the definition of "income subject to tax," see Table 13, footnote 17. See also footnote 3, above.

SOURCE: Data on corporate "Profits before tax (per NIPA)" are from the Bureau of Economic Analysis' National Income and Product Accounts, Table 1.12: *National Income by Type of Income*. This table appears in the *Survey of Current Business* and can also be accessed online at: <http://www.bea.gov/bea/dn/nipaweb/index.asp>. Data on "Net income (less deficit) (per SOI)" and "Income subject to tax (per SOI)" are from *Statistics of Income--Corporation Income Tax Returns*, various years.

### Table 16

- [1] Includes data reported by organizations described in Internal Revenue Code section 501(c)(3), excluding private foundations and most religious organizations. Organizations with receipts under \$25,000 were not required to file.
- [2] Balance sheet data are end-of-year amounts.
- [3] Represents fees collected by organizations in support of their tax-exempt purposes, and income

## Notes to Selected Historical and Other Data Tables

such as from tuition and fees at educational institutions; hospital patient charges; and admission and activity fees collected by museums and other nonprofit organizations or institutions.

- [4] The amount of contributions, gifts, and grants shown reflects the amount actually disbursed, on a cash basis, for charitable purposes.
- [5] Represents income not considered related to a foundation's charitable purpose, e.g., interest, dividends, and capital gains. Foundations could be subject to an excise tax on such income.
- [6] Includes returns filed by or for entities described in Internal Revenue Code sections 401(a) (qualified pension, profit-sharing, or stock bonus plans), 408(e) (Individual Retirement Accounts, or IRA's), 408A (Roth IRA's), and 501(c)(2) through (27) (charitable and most other types of tax-exempt organizations).
- [7] The primary reason for the drop in gross unrelated business income (UBI) and total deductions between Tax Years 1997 and 1998 is the exclusion from the 1998 statistics of one association, which reported relatively large amounts of gross UBI and deductions for 1997 and prior years. The tax-exempt status of this association was terminated, effective 1998. For additional information, see Riley, Margaret, "Unrelated Business Income Tax Returns, 1998," *Statistics of Income Bulletin*, Spring 2002, Volume 21, Number 4.
- [8] Aggregate amounts of total deductions, unrelated business taxable income (less deficit), and deficit previously published in various issues of the *SOI Bulletin* have been adjusted in Table 16 for Years prior to 1999. The revisions were required to take into account certain adjustments made to reported amounts of the "net operating loss deduction." During processing of the SOI sample of Tax Year 1999 returns, it was discovered that many Form 990-T filers were deducting the entire amount of any previous years' net operating loss carryover from net income (even when net income was zero or negative), rather than deducting only the part of the carryover amount needed to offset any positive net income amount. Entering the entire amount of the net operating loss carryover, as opposed to entering only the

appropriate deduction amount, did not affect a filer's unrelated business income tax liability, but it did inflate the amount of deficit reported.

- [9] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services is a component of "gross unrelated business income" (on which the filing requirement is based).
- [10] Total tax was unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, plus the "proxy tax" on certain lobbying expenditures, the "alternative minimum tax," and the environmental tax (applicable only to tax years prior to 1996). Beginning with Tax Year 2001, total tax can include interest due, computed under the look-back method for certain depreciated property and completed long-term contracts, and "other" taxes, as described by the return filer.

SOURCE: *Statistics of Income Bulletin*, various issues. See also "General notations and statements," preceding the footnotes section.

### Table 17

- [1] Starting with 1965, number of returns, total gross estate at date of death, and estate tax after credits are estimates based on samples. Beginning with 1982, numbers in columns 2-5 have been revised to reflect returns filed more than 3 calendar years after a decedent's death.
- [2] Prior to 1982, year of death figures were approximated, using data from returns filed in a single calendar year. While many of the returns filed in a given calendar year represent returns of decedents who died in the immediately preceding year, others represent returns of decedents who died in earlier years. Starting with 1982, the statistics are by year of death, using the year of death reported on the estate tax returns filed during periods of at least 3 successive years.
- [3] Total adult deaths represent those of individuals age 20 and over, plus deaths for which age was unavailable.

## Notes to Selected Historical and Other Data Tables

[4] Prior to 1964, a return was taxable if it showed an estate tax before credits. Starting with 1964, the classification was based on estate tax after credits.

[5] Year-to-year comparability of the data is affected by changes in the gross estate filing threshold which is based on year of death: 1934 (\$50,000); 1935 (\$50,000 changing to \$40,000); 1936-1941 (\$40,000); 1942 (\$40,000 changing to \$60,000); 1943-1976 (\$60,000); 1977 (\$120,000); 1978 (\$134,000); 1979 (\$147,000); 1980 (\$161,000); 1981 (\$175,000); 1982 (\$225,000); 1983 (\$275,000); 1984 (\$325,000); 1985 (\$400,000); 1986 (\$500,000); 1987-1997 (\$600,000); 1998 (\$625,000); 1999 (\$650,000); 2000-2001 (\$675,000); 2002-2003 (\$1,000,000); 2004-2005 (\$1,500,000); 2006-2008 (\$2,000,000); 2009 (\$3,500,000); and 2010 (no estate tax).

NOTE: The title of this table has been changed from "Estate Tax Returns as a Percentage of Adult Deaths," in previous published versions, to "Taxable Estate Tax Returns as a Percentage of Adult Deaths." However, the data contained in the table have not changed.

SOURCE: Data are shown only for years for which Statistics of Income data are available. For years after 1953, *Statistics of Income--Estate Tax Returns; Estate and Gift Tax Returns*; or *Fiduciary, Estate, and Gift Tax Returns*, depending on the year, and *Statistics of Income Bulletin*, various issues; also unpublished tabulations for certain years. For years prior to 1954, *Statistics of Income--Part I*. Adult deaths are from the Centers for Disease Control and Prevention, National Center for Health Statistics, U.S. Department of Health and Human Services, *Vital Statistics of the United States, Report Number 11, Supplement 2, Table 2*, annual and *National Vital Statistics Report, Volume 50, Number 15, September 2002, Table 3, Volume 52, Number 3, September 2003, Table 3*, and *Volume 53, Number 5, October 2004*. See also "General notations and statements," preceding the footnotes section.

**Table 18**

[1] Includes not only taxes collected by the Internal Revenue Service (IRS) but, starting in Fiscal Year 1988 and the second quarter of Fiscal Year 1991,

excise taxes collected by the Alcohol and Tobacco Tax and Trade Bureau (TTB) (formerly the Bureau of Alcohol, Tobacco and Firearms [ATF]) and the Customs Service, respectively. These excise taxes were formerly administered by IRS. See footnote 4, below, for an explanation of the revisions to the excise tax data, starting with the Summer 1997 issue of the *Bulletin*.

[2] Includes income taxes of estates and trusts which are taxed at the individual income tax rates, but excludes various taxes paid by certain other tax-exempt organizations. These latter organizations are also taxed at individual income tax rates, but, for classification purposes, are included in the corporation income tax collection statistics because the majority of these organizations are subject to the corporation income tax.

Individual income tax collections include that portion of the individual income tax transferred to the Presidential Election Campaign Fund based on elections made by taxpayers on their income tax returns. Presidential election campaign designations and associated amounts are shown in Table 1 for recent calendar-year tax years; designation amounts in recent fiscal years, without regard to tax year, are as follows:

Fiscal year	Millions of dollars
2005	\$53.3
2004	55.9
2003	55.2
2002	67.0
2001	58.1
2000	60.7
1999	61.0
1998	63.3
1997	66.9
1996	66.3
1995	68.5
1994	69.7
1993	27.7
1992	29.6
1991	32.3
1990	32.5
1989	32.3
1988	33.2
1987	33.2



## Notes to Selected Historical and Other Data Tables

Collections of income tax of estates and trusts in fiscal years, without regard to tax year, are as follows:

Fiscal year	Billions of dollars
2005	\$13.9
2004	10.7
2003	8.4
2002	10.8
2001	17.5
2000	16.7
1999	14.3
1998	14.2
1997	11.2
1996	8.0
1995	5.3
1994	6.2
1993	6.0
1992	6.1
1991	4.8
1990	5.9
1989	6.0
1988	6.5
1987	8.4

- [3] Includes various taxes applicable to tax-exempt organizations, including the tax on “unrelated business income.” Such taxes also include the taxes paid by certain tax-exempt trusts at individual income tax rates; however, these taxes were combined with the corporation income tax collections when tabulated. Total taxes collected in recent fiscal years, without regard to tax year, from organizations otherwise tax-exempt are as follows:

Fiscal year	Total	Unrelated business income tax
	(Millions of dollars)	
2005	\$623.9	\$457.3
2004	510.7	347.1
2003	386.0	270.4
2002	494.5	319.2
2001	652.1	523.3
2000	674.8	553.6
1999	810.8	665.9
1998	689.8	473.2
1997	666.8	484.9

1996	699.9	501.9
1995	484.9	294.3
1994	571.5	372.4
1993	342.7	173.6
1992	379.5	181.6
1991	288.2	155.6
1990	304.0	127.9
1989	271.4	115.6
1988	284.0	137.5
1987	244.3	119.9

- [4] Data shown for the Alcohol and Tobacco Tax and Trade Bureau (TTB) (formerly the Bureau of Alcohol, Tobacco and Firearms [ATF]) also include data for the Customs Service. To preserve the historical time series interrupted by transferring collection of the manufacturers' excise taxes paid on alcohol and tobacco and of the manufacturers' excise taxes on recreational products for the taxes paid on firearms from IRS to TTB, starting in July 1987 and January 1991, respectively, the combined excise taxes for these two Treasury agencies are shown in Table 18 alongside the IRS excise tax collections, for fiscal years beginning with 1988. They have also been added to the total tax collections reported by IRS to show a grand total of all Treasury Department tax collections (with the exception of a cargo excise tax collected by the Customs Service).

Although responsibility for the administration of alcohol and tobacco excise taxes was transferred to the Alcohol and Tobacco Tax and Trade Bureau (TTB) and the Customs Service, effective July 1, 1987, i.e., with the beginning of the fourth quarter of Fiscal Year 1987, the taxes collected were treated as Internal Revenue Service tax collections (column 4) through September 30, 1987, i.e., through the end of the fourth quarter of Fiscal Year 1987, rather than as TTB/Customs collections (column 5), as a transitional measure.

- [5] Employment taxes include:
- (a) Old-Age, Survivors, Disability, and Hospital Insurance (OASDHI) taxes, i.e., Social Security taxes, levied on salaries and wages (under the Federal Insurance Contributions

## Notes to Selected Historical and Other Data Tables

Act, FICA). Amounts collected in recent fiscal years are as follows:

Fiscal year	Billions of dollars
2005	\$716.9
2004	664.9
2003	647.9
2002	639.7
2001	634.2
2000	593.3
1999	555.3
1998	513.9
1997	484.0
1996	455.2
1995	394.4
1994	409.6
1993	381.1
1992	365.2
1991	349.3
1990	336.3
1989	317.8
1988	289.9
1987	252.6

- (b) Social Security taxes levied on “self-employment income” (under the Self-Employment Insurance Contributions Act, SECA). Amounts collected in recent fiscal years are as follows:

Fiscal year	Billions of dollars
2005	\$43.1
2004	41.2
2003	37.1
2002	37.1
2001	36.3
2000	34.6
1999	32.2
1998	32.6
1997	34.0
1996	26.9
1995	60.9
1994	24.4
1993	20.6
1992	24.4
1991	25.5
1990	21.3
1989	19.0

1988 17.7  
1987 14.0

- (c) unemployment insurance taxes (under the Federal Unemployment Tax Act, FUTA). Amounts collected in recent fiscal years are as follows:

Fiscal year	Billions of dollars
2005	\$6.9
2004	6.7
2003	6.6
2002	6.7
2001	7.1
2000	7.0
1999	6.7
1998	6.5
1997	6.2
1996	6.0
1995	5.8
1994	5.6
1993	5.6
1992	5.8
1991	5.5
1990	5.5
1989	4.7
1988	6.2
1987	6.2

- (d) Railroad Retirement (carriers) tax. Amounts collected in recent fiscal years are as follows:

Fiscal year	Billions of dollars
2005	\$4.5
2004	4.4
2003	4.4
2002	4.6
2001	4.7
2000	4.8
1999	4.5
1998	4.8
1997	4.4
1996	4.3
1995	4.3
1994	4.2
1993	4.3
1992	4.4
1991	4.2
1990	4.2

## Notes to Selected Historical and Other Data Tables

1989	4.1
1988	4.3
1987	4.2

NOTES: In general, collections represent the gross amounts before refunds and include (a) amounts paid with the tax return, (b) amounts paid prior to filing the return, as applicable (income tax withheld by employers and “estimated tax” payments), and (c) amounts paid subsequent to filing the return (chiefly the result of initial IRS administrative return processing or later examination and enforcement activities). Collections also include interest and penalties, but do not reflect any revisions to the IRS data for specific fiscal years made after the close of the fiscal year. Instead, revisions are reflected in the data for the later fiscal year in which the revision was made. However, revisions to the Alcohol and Tobacco Tax and Trade Bureau (TTB) (formerly the Bureau of Alcohol, Tobacco and Firearms [ATF]) and Customs Services excise tax collections are treated differently. See the “Notes” to Table 21.

Collection statistics reported by the Internal Revenue Service are not altogether comparable to those published by the Financial Management Service, also in the Treasury Department, because of timing differences resulting from the definitions each agency uses. The Internal Revenue Service counts the monies as they are received (to reflect the status of its tax collection operation); the Financial Management Service counts these amounts as received, but only after discrepancies (such as between what the employer reports as tax withheld and the amount actually withheld) are resolved. Also, the Financial Management Service classifies the tax collected according to the Federal Budget account to which the tax receipts are assigned.

For purposes of Table 18 (and to facilitate comparisons with Table 21), the grand totals of all excise taxes were obtained by accumulating data from the *Treasury Monthly Statement*. See also the citation under “Source,” below. Totals for excise taxes collected by IRS were then subtracted from these grand totals to derive the combined totals shown as having been collected by the TTB and the Customs Service. This subtraction is not precise because of definitional differences between the two agencies.

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, *Internal Revenue Service Data Book* and Chief Financial Officer, Office of Finance, Revenue Accounting Division, Office of Revenue Systems; and Financial Management Service, *Monthly Statement on Receipts and Outlays of the United States Government*, monthly.

**Table 19**

- [1] Even though the Alcohol and Tobacco Tax and Trade Bureau (TTB) (formerly the Bureau of Alcohol, Tobacco and Firearms [ATF]) and the Customs Service have had responsibility for collecting and refunding excise taxes on alcohol and tobacco since July 1987 and of excise taxes on firearms since January 1991, the Internal Revenue Service (IRS) continues to be responsible for the recording of refunds of these taxes. Consequently, IRS statistics for excise tax refunds include refunds made by TTB and the Customs Service in years subsequent to the dates on which organizational responsibility was transferred. In contrast, TTB and Customs Service excise tax collections are recorded by these two Treasury agencies and are, therefore, shown separately in Table 18 under the heading, Alcohol and Tobacco Tax and Trade Bureau. See also footnote 4.
- [2] Includes special statutory refunds, e.g., in 2001, and refunds of taxes paid on the “unrelated business income” of certain tax-exempt trusts. Also, to preserve the year-to-year comparability of the historical series, individual income tax refund data have been revised, as necessary, starting with 1996, to include net refunds due to the “earned income credit” in addition to overpayment and other refunds. This credit is already reflected in the refund statistics for previous years. Therefore, refund data may not always agree with those presented in the annual *Internal Revenue Service Data Book*, for certain years starting with 1996, although, conceptually, they agree with refund data published in the Treasury Department’s *Monthly Statement of Receipts and Outlays of the United States Government*. See

## Notes to Selected Historical and Other Data Tables

also the citation under “Source,” below.

Individual income tax refunds are net of offsets under laws that require the Department of the Treasury to act as collecting agent for delinquent payments owed various U.S. Government agencies under specific programs. See Table 20 (which, however, is by calendar year rather than by fiscal year).

- [3] Includes refunds of taxes on the “unrelated business income” of tax-exempt organizations, except for certain trusts.
- [4] See footnote 1. Also, as further explained in the “Notes” to Table 21, taxpayers can offset certain refundable excise tax payments against the tax of subsequent time periods and claim certain other refunds as a credit against income tax; however, these amounts are not reflected in the excise tax refund statistics.
- [5] The kinds of employment taxes subject to refund are listed in Table 18, footnote 5.

NOTE: Refund data include interest paid on the refunds by IRS or the Alcohol and Tobacco Tax and Trade Bureau (TTB) (formerly the Bureau of Alcohol, Tobacco and Firearms [ATF]) as shown below. See also the “Notes” to Table 18.

Fiscal year	Total	Individuals	Corporations
		(Billions of dollars)	
2005	\$6.1	\$5	\$5.5
2004	5.1	.4	4.6
2003	3.3	.5	2.6
2002	4.2	.6	3.4
2001	2.7	.5	2.0
2000	2.6	.6	2.0
1999	2.7	.4	2.2
1998	2.6	.3	2.1
1997	2.4	.4	1.8
1996	2.2	.3	1.6
1995	2.7	.4	1.7
1994	3.1	.3	2.3
1993	2.1	.4	1.6
1992	3.2	.4	2.1
1991	2.8	.5	2.0
1990	2.4	.5	1.4
1989	1.8	.5	n.a.
1988	1.7	.4	n.a.

1987                      2.0                      .4                      n.a.

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, *Internal Revenue Service Data Book* and Chief Financial Officer, Office of Finance, Revenue Accounting Division, Office of Revenue Systems.

### Table 20

- [1] Represents repayments to specific Federal agencies (or State treasuries) for debts, such as student loans, mortgage and loan foreclosures, dishonored checks, and overpayments of benefits. There was no refund offset program prior to Fiscal Year 1982. Data are shown by year in which the offset was made, regardless of tax year.  
  
Starting January 1999, the IRS tax refund offset program was merged into the Treasurywide offset program. This combined U.S. Government debt collection program is administered by the Financial Management Service (FMS), Department of the Treasury. (The sharp increase in tax refund offsets, starting with 1999--to \$2.6 billion in 1999--was attributed by FMS to (1) system enhancements which include offset matching on the Social Security numbers of both husbands and wives as reported on joint individual income tax returns, (2) increased debt referrals for child support and Federal non-tax debt, (3) system flexibility allowing creditor agencies to add and update debt records on a continuous basis, and (4) increases in the average number and amount of tax refund payments due in part to new tax credits. For additional information, see U.S. Department of the Treasury, Financial Management Service, *Annual Report to the Congress: U.S. Government Debt Collection Activities of Federal Agencies*, Fiscal Year 1999.)
- [2] After 1990, number of offsets includes adjustments for injured spouse claims filed with the original tax return. See also footnote 1.
- [3] For all years, data exclude fees charged by the Internal Revenue Service or the Financial Management Service. For years preceding 1999, data by program or Federal agency represent the net amounts offset against refunds, after injured spouse claims and other types of reversals. Starting with 1999, the totals by program or Federal agency are the gross amounts before

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injured spouse claims and other types of reversals, with the reversals shown separately as summarized totals. However, the grand totals for 1999 are comparable to those shown for earlier years.

- [4] From 1992 through 1994, the Social Security Administration (SSA) participated in the refund offset program as part of the Department of Health and Human Services (HHS), but, starting in 1995, SSA became an independent agency. Nevertheless, SSA refund offsets are shown separately for all these years, and are not included in the HHS totals for 1992-1994.
- [5] Represents repayments to State treasuries for funds disbursed to families receiving State assistance and for funds distributed under the Temporary Assistance for Needy Families (TANF) program, before 1997 known as the Aid to Families with Dependent Children (AFDC) program.
- [6] Represents repayments to State treasuries for distribution to custodial parents (non-TANF). See also footnote 5, above.
- [7] Before 1996, known as the Public Health Service.
- [8] Includes affiliated exchange services.

SOURCE: U.S. Department of the Treasury. For years starting with 1999, Financial Management Service. For previous years, Internal Revenue Service.

**Table 21**

- [1] Tax "liability" statistics also include "collections" of the use tax on heavy highway vehicles and of the "crude oil windfall profit tax." See also the "Notes" below.
- [2] Represents aggregates for two or more specific taxes for which amounts have either been combined or are not available separately.
- [3] This tax is in addition to the regular tax on gasoline.
- [4] Data for this and certain other taxes are combined and included in the totals for excise taxes "unclassified," shown below in Table 21. Data for the specific taxes were not separately tabulated.
- [5] Based on information obtained from Forms 990-PF as recorded by the Tax Exempt/Government

Entities Returns Inventory and Control System (RICS). Excludes data from nonexempt charitable trusts and foreign private foundations that file Form 990-PF.

- [6] Based on information obtained from Forms 4720 as recorded by the Tax Exempt/Government Entities Returns Inventory and Control System (RICS). Includes data for initial taxes on self-dealing, required distributions, excess business holdings, jeopardizing investments, and taxable expenditures as reported on Forms 4720 filed by organizations, other than nonexempt charitable trusts, that were also required to file Form 990-PF.
- [7] The flight segment charged for nonrural airports changed effective January 1, 2005. The domestic flight segment increased from \$3.10 to \$3.20 per person. The 7.5-percent rate is still in effect. There is no flight segment tax on rural airports.
- [8] The taxes on the use of international air facilities changed, effective January 1, 2005. The rate increased from \$13.70 to \$14.10 per person. For domestic flight segments beginning or ending in Alaska or Hawaii, the rate increased from \$6.90 to \$7.00.
- [9] Includes excise taxes collected through the Federal Tax Deposit (FTD) system, which the Internal Revenue Service had not yet classified by type of excise tax. Classification is based on returns filed in the quarter following tax payment. Negative amounts for "unclassified" taxes result from subsequent classification of the previously unclassified taxes. See also the "Notes," below.
- [10] Tax "liability" statistics shown for the Customs Service/Alcohol and Tobacco Tax and Trade Bureau (TTB) (formerly the Bureau of Alcohol, Tobacco and Firearms [ATF]) include tax "collections" on imported items for which the Customs Service is responsible. See also the "Notes," below.
- [11] Taxes shown for the different types of domestic tobacco products are before post-filing tax adjustments. Therefore, the statistics by type of tax for domestic tobacco products will not add to the total tax on domestic tobacco products, which is after these adjustments. For additional information, see the "Notes," below, under "Statistics on Excise Taxes Administered by the



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### Alcohol and Tobacco Tax and Trade Bureau (TTB) and the Customs Service.”

NOTES: Grand totals for taxes shown for the Internal Revenue Service (IRS), the Alcohol and Tobacco Tax and Trade Bureau (TTB) (formerly the Bureau of Alcohol, Tobacco and Firearms [ATF]), and the Customs Service represent tax “collections.” (Fees for the Harbor Maintenance tax treated as excise taxes under the Internal Revenue Code are also collected by the Customs Service, but are excluded from Table 21 for consistency with the excise tax definitions and totals published in the Federal Budget.)

For the grand totals, collections rounded to millions of dollars are all that are available. In general, amounts shown are the gross amounts, i.e., before refunds. However, as explained below, refunds are sometimes claimed as a credit against the tax reported on the excise tax return of a subsequent quarter so that, to this extent, the data are after refunds.

“Floor stocks taxes” are shown separately in Table 21 because they are nonrecurring. They are generally imposed on holders of inventories on the date a new excise tax is imposed or a tax rate increased.

Total collections represent tax payments made during the indicated fiscal year (or quarter), either through: (a) the semimonthly tax deposits required of most taxpayers with significant excise tax liabilities using Federal Tax Deposit (FTD) coupons, in the case of taxes collected by IRS, or Electronic Funds Transfers (EFT’s), in the case of taxes collected by TTB/ Customs, or (b) payments attached to quarterly excise tax returns.

Statistics for both the total for taxes administered by the IRS and the taxes by type of tax represent tax “collections” (see below). Also, statistics on the types of tax take into account the normal lag that exists between the time most taxes are collected (through FTD’s, the means by which most excise taxes are collected), and the recording of tax liabilities by type of tax as reported on excise tax returns and “certified” by IRS, as described below. For additional information, see the notes to Table 20, *Statistics of Income Bulletin*, Fall 1998, Volume 18, Number 2, and also, “Federal Excise Taxes, Fiscal Years 1994 and 1995,” Fall 1996, Volume 16, Number 2.

- a. Statistics on excise taxes administered by the Internal Revenue Service:

Corrections to the IRS data are reflected in the quarter(s) and year in which the corrections were made, rather than in the data for the quarter(s) and year in which the original tax liability arose (unlike the TTB /Customs data). The certified tax is net of refund credits reported on excise tax returns, not only for this reason, but for conformity with the Internal Revenue Code. As examples, tax can be offset for commodities exported that were previously taxed (exports are usually nontaxable), or for the sale of previously-taxed gasoline to a State or local government (or, in the case of TTB taxes, for alcohol used for a nonbeverage purpose). Other taxpayers apply directly for refunds and, for some of the taxes, are allowed to claim refunds by means of a credit against income tax. Because such refundable amounts were not reported on the excise tax return, they are not reflected in the Table 21 totals. (Other corrections to the IRS data for certain specific taxes are assumed to be due to misclassification and have been adjusted for as additions (or subtractions) to “Unclassified IRS taxes.”)

- b. Statistics on excise taxes administered by the Alcohol and Tobacco Tax and Trade Bureau (TTB) (formerly the Bureau of Alcohol, Tobacco and Firearms [ATF]) and the Customs Service:

Excise taxes on alcoholic beverages and tobacco products are collected by both Customs Service (on imports) and TTB (on domestic production). Taxes on firearms and certain occupational taxes are also collected by TTB. So, TTB statistics represent tax “collections” on domestic alcohol and tobacco productions, as well as tax “collections” on firearms and certain occupations. By contrast, the tax statistics for the detailed types of taxes on domestic tobacco products are tax “liabilities”.

The grand totals for TTB and Customs Service tax “collections,” as presented in Table 21, are residual amounts. They were derived by subtracting total IRS tax collections, which are available before most refunds, from the grand

## Notes to Selected Historical and Other Data Tables

total of all excise tax gross collections reported in the *Monthly Treasury Statement*, rounded to millions of dollars, as shown at the beginning of Table 21. This subtraction is not precise because of definitional differences between IRS and TTB or Customs Service.

In Table 21, TTB data have been rearranged so that tax liabilities are matched with tax collections in that same quarter. Previously, tax liabilities arising in a given quarter were not directly related to reported tax collections during that same quarter. Also, as previously noted, TTB amounts are often revised slightly as late returns are processed or post-filing adjustments are made to the tax. As a result, tax reported for prior periods is updated on a continuing basis, although the updated prior-year collections data are actually retabulated only for the one, most recent, prior year. Retabulated post-filing tax revisions for these earlier years are included for the first time in Table 21 of the Spring 2002 issue of the *Bulletin* and affect previously published data for fiscal years, beginning with 1996.

However, as stated in footnote 11, above, post-filing revisions to the data for the immediately preceding fiscal year are not available for the detailed types of taxes on domestic tobacco products. Therefore, because revisions are available and are reflected in the total presented as the sum of these taxes, adding up the (unrevised) detail by type of tax will not yield the (revised) total.

SOURCE: U.S. Department of the Treasury, Financial Management Service, *Monthly Treasury Statement of Receipts and Outlays of the United States Government*; Alcohol and Tobacco Tax and Trade Bureau, *Statistical Release: Alcohol, Tobacco and Firearms Tax Collections*, quarterly (this release also includes data for the Customs Service), and previously unpublished special tabulations; Internal Revenue Service, *Internal Revenue Service Data Book*, and its predecessor, *Annual Report, Commissioner and Chief Counsel, Internal Revenue Service*; also Chief Financial Officer, Office of Finance, Revenue Accounting Division, Office of Revenue Systems, *Internal Revenue Report*

*of Excise Taxes*. Also see Francis, Brian D., "Federal Excise Taxes, Including the Slow Death of Expired Taxes," *Statistics of Income Bulletin*, Summer 1999, Volume 19, Number 1. Also see Henry, Eric, "Excise Taxes and the Airport and Airway Trust Fund, 1970-2002" *Statistics of Income Bulletin*, Winter 2004, Volume 23, Number 3. For additional information about the process used to match quarterly excise tax "collections" with excise tax "liabilities" as reported on quarterly excise tax returns, see the "Notes" to Table 20 in the Fall 1998 (Volume 18, Number 2) issue of the *Statistics of Income Bulletin*.

### Table 22

- [1] Form 1040 is the "long form," and Form 1040A, is one of the two "short forms." Starting with Calendar Year 1991, use of Form 1040A was expanded to reflect provisions designed to facilitate usage by elderly taxpayers. Prior to 1994, Form 1040EZ, the other "short form" (introduced in 1983), was for single taxpayers with no dependents; starting in 1994, certain married taxpayers with no dependents could also use this form. The types of income that could be reported on Form 1040EZ were also expanded, starting in 1996, to include unemployment compensation. Form 1040PC, introduced in 1992 and discontinued after 2000, was the equivalent of a "paper" Form 1040, 1040A, or 1040EZ return for which an IRS-approved computer software-generated compressed format was used. Schedule C is for reporting nonfarm sole proprietorship business profits, and Schedule F is for reporting farm sole proprietorship business profits.

Starting with Calendar Year 1986, the reported data for total Forms 1040, 1040A, 1040EZ, and 1040PC returns, as well as the totals for nonbusiness and business Form 1040 returns with Schedules C or F attached, are comprised of "paper" returns, plus "standard" electronically-filed ("e-file") returns. Standard e-file returns are filed by authorized third parties, such as paid preparers and, starting in 1994, approved "online" tax filing companies, as well. For 1992 through



## Notes to Selected Historical and Other Data Tables

2005, the electronically-filed totals also include returns filed by touch-tone telephone (“TeleFile”). IRS discontinued Telefile after 2005.

The last category under individual income tax returns is comprised of Form 1040C (departing alien) for filing years preceding 1992; 1040NR (nonresident alien); 1040PR (self-employment tax, Puerto Rico); and 1040SS (self-employment tax, U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands). Amended returns filed on Form 1040X are excluded.

- [2] Form 1120 is the basic corporation income tax return. Form 1120A is the “short form” (introduced in Calendar Year 1985; filers formerly used Form 1120). Form 1120S is for S corporations (certain qualifying corporations electing to be taxed through shareholders). “Other” includes Forms 1120-F (most foreign companies with U.S. income); Forms 1120-L (domestic and foreign life insurance companies), which are combined with Form 1120 statistics for years before 1995; Forms 1120POL (certain political associations); Forms 1120-H (homeowners’ associations); Forms 1120-FSC (Foreign Sales Corporations, or FSC’s), starting in 1986; Forms 1120-REIT (Real Estate Investment Trusts) and 1120-RIC (Regulated Investment Companies), starting in 1988 (filers formerly used Form 1120); and Forms 1120-PC (Property and Casualty Insurance Companies), starting in 1987 (filers formerly used Forms 1120 or 1120M, described below). “Other” also includes Form 1120DF (for nuclear decommissioning trust funds and related persons), starting in 1988; these funds were then included on Form 1120SF (for certain settlement funds), starting in 1994; and, for years before 1988, Form 1120M (now discontinued) for most mutual nonlife insurance companies that now file Form 1120 or 1120-PC (and are included in the statistics for Form 1120 in the years preceding 1988). After 1985, “other” excludes Form 1120-DISC for Domestic International Sales Corporations, which were discontinued and mostly replaced by FSC’s (see above); and Form 1120 IC-DISC for Interest-Charge Domestic International Sales Corporations (which was used by certain other DISC’s after 1985). Amended returns filed on Form 1120X are excluded.

- [3] Includes Form 1065B for certain large partnerships, starting in 1999.
- [4] Form 1041 is the regular income tax return filed for estates and trusts. For 1988-1990, includes former Form 1041S (short form).
- [5] Form 706 is the regular estate tax return; Form 706NA is for U.S. estates of nonresident aliens; Forms 706 GS(D) and 706 GS(T) are for estate tax returns for which the generation-skipping transfer tax applies.
- [6] Form 990 is for tax-exempt organizations, except private foundations (Form 990-PF). Form 990EZ is the short form. Form 990-T is the income tax return filed for businesses conducted by tax-exempt organizations. Form 990-C is for farmers’ co-operatives. Form 4720 is for computing the special excise taxes applicable to certain private foundations, and Form 5227 is for split-interest trusts treated as private foundations.
- [7] Form 940 is the annual unemployment (FUTA) tax return filed by employers; Form 940PR is used by employers in Puerto Rico; and Form 940EZ is a shorter version of Form 940. Form 940EZ is only included in the Form 940 totals for 1990 and subsequent years. Form 941 is the employer’s quarterly return for income tax withheld; Form 941PR is used by employers in Puerto Rico; and Form 941SS, by employers in the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands. Form 941M (monthly tax withholdings) is included with Form 941 in 1980. Form 943 is filed to report income tax withheld by employers for agricultural employees. Form 943PR is used by employers in Puerto Rico. “Other” includes Form 945 (annual tax withholding from non-payroll distributions), included in 1995 and subsequent years; Form 942 (quarterly return for household employees) and Form 942PR (quarterly return for household employees filed by Puerto Rico employers), both discontinued after 1995; Form CT-1 (annual Railroad Retirement and unemployment tax return).
- [8] Form 720 is the IRS quarterly excise tax return. Form 2290 is the IRS return used to report heavy highway vehicle use tax. “Other” includes Form 730 (tax on wagering); Form 11C (occupational

## Notes to Selected Historical and Other Data Tables

tax and registration return for wagering). (After 1985, excise tax returns exclude those now filed with the Alcohol and Tobacco Tax and Trade Bureau (TTB), (formerly the Bureau of Alcohol, Tobacco, Firearms, and Explosives [ATF]), and the Customs Service.)

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, Office of Research, Analysis, and Statistics, Office of Research, Projections and Forecasting Group.

### Table 23

- [1] Number of returns with a paid preparer signature is based on the sample used for *Statistics of Income--Individual Income Tax Returns*.
- [2] Data on electronically-filed returns are included in the counts of Form 1040 returns, shown above in Table 23, for all years. Data are based on the full SOI samples of returns filed throughout the entire year.
- [3] Data on IRS taxpayer assistance programs are actually for the fiscal year. Assistance rendered in a given fiscal year may be associated with returns due on April 15 of that fiscal year and is, therefore, for the tax year ending with the previ-

ous December. Thus, data in Table 23 on taxpayer assistance, for example, shown as for Tax Year 2003, are actually for Fiscal Year 2004.

- [4] The number of outreach taxpayers assisted has increased significantly. This was a result of both expanded partner activity and a revision in this classification. For 2001-2003, "Outreach taxpayers assisted" included estimates of both direct (IRS) and indirect (partner) contacts through seminars, training classes, mail-out campaigns, etc.
- [5] Only return preparation activity was captured and reported for VITA and TCE sites. In prior years, the number of taxpayers assisted through VITA and TCE included the number of questions answered and returns prepared.

NOTE: Data on IRS assistance represent taxpayer contacts, unless indicated. Some taxpayers are contacted more than once. The number of taxpayers assisted (versus those contacted) is not known.

SOURCE: Data on paid preparers were obtained from SOI and from Assistant Deputy Commissioner, Modernization/Chief Information Officer. Data on IRS assistance were obtained from the *Internal Revenue Service Data Book*.

## Appendix to Selected Historical and Other Data Tables

**Table A.--U.S. Individual Income Tax: Personal Exemptions and Lowest and Highest Bracket Tax Rates, and Tax Base for Regular Tax, Tax Years 1913-2004**

[Amounts are in dollars.]

Tax year	Personal exemptions <sup>1</sup>			Tax rates for regular tax--			
				Lowest bracket		Highest bracket	
	Single persons	Married couples	Dependents	Tax rate <sup>2</sup> (percent)	Taxable income under-- <sup>3</sup>	Tax rate <sup>2</sup> (percent)	Taxable income over-- <sup>3</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1913.....	3,000	4,000	N/A	1.0	20,000	7.0	500,000
1914.....	3,000	4,000	N/A	1.0	20,000	7.0	500,000
1915.....	3,000	4,000	N/A	1.0	20,000	7.0	500,000
1916.....	3,000	4,000	N/A	2.0	20,000	15.0	2,000,000
1917.....	1,000	2,000	200	2.0	2,000	67.0	2,000,000
1918.....	1,000	2,000	200	6.0	4,000	77.0	1,000,000
1919.....	1,000	2,000	200	4.0	4,000	73.0	1,000,000
1920.....	1,000	2,000	200	4.0	4,000	73.0	1,000,000
1921.....	1,000	2,500 <sup>4</sup>	400	4.0	4,000	73.0	1,000,000
1922.....	1,000	2,500 <sup>4</sup>	400	4.0	4,000	58.0	200,000
1923.....	1,000	2,500 <sup>4</sup>	400	3.0 <sup>5</sup>	4,000	43.5 <sup>5</sup>	200,000
1924.....	1,000	2,500	400	1.5 <sup>6</sup>	4,000	46.0	500,000
1925.....	1,500	3,500	400	1.125 <sup>7</sup>	4,000	25.0	100,000
1926.....	1,500	3,500	400	1.125 <sup>7</sup>	4,000	25.0	100,000
1927.....	1,500	3,500	400	1.125 <sup>7</sup>	4,000	25.0	100,000
1928.....	1,500	3,500	400	1.125 <sup>8</sup>	4,000	25.0	100,000
1929.....	1,500	3,500	400	0.375 <sup>8</sup>	4,000	24.0	100,000
1930.....	1,500	3,500	400	1.125 <sup>8</sup>	4,000	25.0	100,000
1931.....	1,500	3,500	400	1.125 <sup>8</sup>	4,000	25.0	100,000
1932.....	1,000	2,500	400	4.0	4,000	63.0	1,000,000
1933.....	1,000	2,500	400	4.0	4,000	63.0	1,000,000
1934.....	1,000	2,500	400	4.0 <sup>9</sup>	4,000	63.0	1,000,000
1935.....	1,000	2,500	400	4.0 <sup>9</sup>	4,000	63.0	1,000,000
1936.....	1,000	2,500	400	4.0 <sup>9</sup>	4,000	79.0	5,000,000
1937.....	1,000	2,500	400	4.0 <sup>9</sup>	4,000	79.0	5,000,000
1938.....	1,000	2,500	400	4.0 <sup>9</sup>	4,000	79.0	5,000,000
1939.....	1,000	2,500	400	4.0 <sup>9</sup>	4,000	79.0	5,000,000
1940.....	800	2,000	400	4.4 <sup>9, 10</sup>	4,000	81.1 <sup>10</sup>	5,000,000
1941.....	750	1,500	400	10.0 <sup>9</sup>	2,000	81.0	5,000,000
1942.....	500	1,200	350	19.0 <sup>9</sup>	2,000	88.0	200,000
1943.....	500	1,200	350	19.0 <sup>9</sup>	2,000	88.0	200,000
1944.....	500 <sup>11</sup>	1,000 <sup>11</sup>	500 <sup>11</sup>	23.0	2,000	94.0 <sup>12</sup>	200,000
1945.....	500 <sup>11</sup>	1,000 <sup>11</sup>	500 <sup>11</sup>	23.0	2,000	94.0 <sup>12</sup>	200,000
1946.....	500	1,000	500	19.0 <sup>13</sup>	2,000	86.45 <sup>13</sup>	200,000
1947.....	500	1,000	500	19.0 <sup>13</sup>	2,000	86.45 <sup>13</sup>	200,000
1948.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	16.6 <sup>15</sup>	4,000	82.13 <sup>15</sup>	400,000
1949.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	16.6 <sup>15</sup>	4,000	82.13 <sup>15</sup>	400,000
1950.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	17.4 <sup>16</sup>	4,000	84.36 <sup>16</sup>	400,000
1951.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	20.4	4,000	91.0 <sup>17</sup>	400,000
1952.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	22.2	4,000	92.0 <sup>18</sup>	400,000
1953.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	22.2	4,000	92.0 <sup>18</sup>	400,000
1954.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	20.0	4,000	91.0 <sup>19</sup>	400,000
1955.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	20.0	4,000	91.0 <sup>19</sup>	400,000

See notes at end of this section.

# Appendix to Selected Historical and Other Data Tables

**Table A.--U.S. Individual Income Tax: Personal Exemptions and Lowest and Highest Bracket Tax Rates, and Tax Base for Regular Tax, Tax Years 1913-2005--Continued**

[Amounts are in dollars.]

Tax year	Personal exemptions <sup>1</sup>			Tax rates for regular tax--			
				Lowest bracket		Highest bracket	
	Single persons	Married couples	Dependents	Tax rate <sup>2</sup> (percent)	Taxable income under-- <sup>3</sup>	Tax rate <sup>2</sup> (percent)	Taxable income over-- <sup>3</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1956.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	20.0	4,000	91.0 <sup>19</sup>	400,000
1957.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	20.0	4,000	91.0 <sup>19</sup>	400,000
1958.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	20.0	4,000	91.0 <sup>19</sup>	400,000
1959.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	20.0	4,000	91.0 <sup>19</sup>	400,000
1960.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	20.0	4,000	91.0 <sup>19</sup>	400,000
1961.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	20.0	4,000	91.0 <sup>19</sup>	400,000
1962.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	20.0	4,000	91.0 <sup>19</sup>	400,000
1963.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	20.0	4,000	91.0 <sup>19</sup>	400,000
1964.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	16.0	1,000	77.0	400,000
1965.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	14.0	1,000	70.0	200,000
1966.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	14.0	1,000	70.0	200,000
1967.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	14.0	1,000	70.0	200,000
1968.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	14.0	1,000	75.25 <sup>20</sup>	200,000
1969.....	600 <sup>14</sup>	1,200 <sup>14</sup>	600	14.0	1,000	77.0 <sup>21</sup>	200,000
1970.....	625 <sup>14</sup>	1,250 <sup>14</sup>	625	14.0	1,000	71.75 <sup>22</sup>	200,000
1971.....	675 <sup>14</sup>	1,350 <sup>14</sup>	675	14.0	1,000	70.0 <sup>23</sup>	200,000
1972.....	750 <sup>14</sup>	1,500 <sup>14</sup>	750	14.0	1,000	70.0 <sup>24</sup>	200,000
1973.....	750 <sup>14</sup>	1,500 <sup>14</sup>	750	14.0	1,000	70.0 <sup>24</sup>	200,000
1974.....	750 <sup>14</sup>	1,500 <sup>14</sup>	750	14.0 <sup>25</sup>	1,000	70.0 <sup>24, 25</sup>	200,000
1975.....	750 <sup>14, 26</sup>	1,500 <sup>14, 26</sup>	750 <sup>26</sup>	14.0	1,000	70.0 <sup>24</sup>	200,000
1976.....	750 <sup>14, 27</sup>	1,500 <sup>14, 27</sup>	750 <sup>27</sup>	14.0	1,000	70.0 <sup>24</sup>	200,000
1977.....	750 <sup>14, 27</sup>	1,500 <sup>14, 27</sup>	750 <sup>27</sup>	14.0 <sup>28</sup>	3,200 <sup>28</sup>	70.0 <sup>24</sup>	203,200
1978.....	750 <sup>14, 27</sup>	1,500 <sup>14, 27</sup>	750 <sup>27</sup>	14.0 <sup>28</sup>	3,200 <sup>28</sup>	70.0 <sup>24</sup>	203,200
1979.....	1,000 <sup>14</sup>	2,000 <sup>14</sup>	1,000	14.0 <sup>28</sup>	3,400 <sup>28</sup>	70.0 <sup>24</sup>	215,400
1980.....	1,000 <sup>14</sup>	2,000 <sup>14</sup>	1,000	14.0 <sup>28</sup>	3,400 <sup>28</sup>	70.0 <sup>24</sup>	215,400
1981.....	1,000 <sup>14</sup>	2,000 <sup>14</sup>	1,000	13.825 <sup>28, 29</sup>	3,400 <sup>28</sup>	69.125 <sup>24, 29</sup>	215,400
1982.....	1,000 <sup>14</sup>	2,000 <sup>14</sup>	1,000	12.0 <sup>28</sup>	3,400 <sup>28</sup>	50.0	85,600
1983.....	1,000 <sup>14</sup>	2,000 <sup>14</sup>	1,000	11.0 <sup>28</sup>	3,400 <sup>28</sup>	50.0	109,400
1984.....	1,000 <sup>14</sup>	2,000 <sup>14</sup>	1,000	11.0 <sup>28</sup>	3,400 <sup>28</sup>	50.0	162,400
1985.....	1,040 <sup>14, 30</sup>	2,080 <sup>14, 30</sup>	1,040 <sup>30</sup>	11.0 <sup>28</sup>	3,540 <sup>28, 31</sup>	50.0	169,020 <sup>31</sup>
1986.....	1,080 <sup>14, 30</sup>	2,160 <sup>14, 30</sup>	1,080 <sup>30</sup>	11.0 <sup>28</sup>	3,670 <sup>28, 31</sup>	50.0	175,250 <sup>31</sup>
1987.....	1,900 <sup>30</sup>	3,800 <sup>30</sup>	1,900 <sup>30</sup>	11.0	3,000 <sup>31</sup>	38.5	90,000 <sup>31</sup>
1988.....	1,950 <sup>30, 32, 33</sup>	3,900 <sup>30, 32, 33</sup>	1,950 <sup>30, 32, 33</sup>	15.0 <sup>34, 35</sup>	29,750 <sup>31, 35</sup>	28.0 <sup>34, 35</sup>	29,750 <sup>31, 35</sup>
1989.....	2,000 <sup>30, 32, 33</sup>	4,000 <sup>30, 32, 33</sup>	2,000 <sup>30, 32, 33</sup>	15.0 <sup>34, 35</sup>	30,950 <sup>31, 35</sup>	28.0 <sup>34, 35</sup>	30,950 <sup>31, 35</sup>
1990.....	2,050 <sup>30, 32, 33</sup>	4,100 <sup>30, 32, 33</sup>	2,050 <sup>30, 32, 33</sup>	15.0 <sup>34, 35</sup>	32,450 <sup>31, 35</sup>	28.0 <sup>34, 35</sup>	32,450 <sup>31, 35</sup>
1991.....	2,150 <sup>30, 32</sup>	4,300 <sup>30, 32</sup>	2,150 <sup>30, 32</sup>	15.0	34,000 <sup>31</sup>	31.0	82,150 <sup>31</sup>
1992.....	2,300 <sup>30, 32</sup>	4,600 <sup>30, 32</sup>	2,300 <sup>30, 32</sup>	15.0	35,800 <sup>31</sup>	31.0	86,500 <sup>31</sup>
1993.....	2,350 <sup>30, 32</sup>	4,700 <sup>30, 32</sup>	2,350 <sup>30, 32</sup>	15.0	36,900 <sup>31</sup>	39.6	250,000 <sup>31</sup>
1994.....	2,450 <sup>30, 32</sup>	4,900 <sup>30, 32</sup>	2,450 <sup>30, 32</sup>	15.0	38,000 <sup>31</sup>	39.6	250,000 <sup>31</sup>
1995.....	2,500 <sup>30, 32</sup>	5,000 <sup>30, 32</sup>	2,500 <sup>30, 32</sup>	15.0	39,000 <sup>31</sup>	39.6	256,500 <sup>31</sup>
1996.....	2,550 <sup>30, 32</sup>	5,100 <sup>30, 32</sup>	2,550 <sup>30, 32</sup>	15.0	40,100 <sup>31</sup>	39.6	263,750 <sup>31</sup>
1997.....	2,650 <sup>30, 32</sup>	5,300 <sup>30, 32</sup>	2,650 <sup>30, 32</sup>	15.0	41,200 <sup>31</sup>	39.6	271,050 <sup>31</sup>
1998.....	2,700 <sup>30, 32</sup>	5,400 <sup>30, 32</sup>	2,700 <sup>30, 32</sup>	15.0	42,350 <sup>31</sup>	39.6	278,450 <sup>31</sup>
1999.....	2,750 <sup>30, 32</sup>	5,500 <sup>30, 32</sup>	2,750 <sup>30, 32</sup>	15.0	43,050 <sup>31</sup>	39.6	283,150 <sup>31</sup>
2000.....	2,800 <sup>30, 32</sup>	5,600 <sup>30, 32</sup>	2,800 <sup>30, 32</sup>	15.0 <sup>36</sup>	43,850 <sup>31</sup>	39.6 <sup>36</sup>	288,350 <sup>31</sup>
2001.....	2,900 <sup>30, 32</sup>	5,800 <sup>30, 32</sup>	2,900 <sup>30, 32</sup>	10.0 <sup>37</sup>	6,000 <sup>31, 38</sup>	39.1 <sup>37</sup>	297,350 <sup>31, 38</sup>
2002.....	3,000 <sup>30, 32</sup>	6,000 <sup>30, 32</sup>	3,000 <sup>30, 32</sup>	10.0	12,000 <sup>31</sup>	38.6	307,050 <sup>31</sup>
2003.....	3,050 <sup>30, 32</sup>	6,100 <sup>30, 32</sup>	3,050 <sup>30, 32</sup>	10.0	14,000 <sup>31</sup>	35.0	311,950 <sup>31</sup>
2004.....	3,100 <sup>30, 32</sup>	6,200 <sup>30, 32</sup>	3,100 <sup>30, 32</sup>	10.0	14,300 <sup>31</sup>	35.0	319,100 <sup>31</sup>
2005.....	3,200 <sup>30, 32</sup>	6,400 <sup>30, 32</sup>	3,200 <sup>30, 32</sup>	10.0	14,600 <sup>31</sup>	35.0	326,450 <sup>31</sup>

See notes at end of this section.

## Appendix to Selected Historical and Other Data Tables

**Table B.--U.S. Corporation Income Tax: Tax Brackets and Rates, 1909-2003 <sup>1</sup>**

Year <sup>2</sup>	Taxable income brackets <sup>3</sup>	Rates (percent)
1909-1913 (February 28).....	First \$5,000	--
	Over \$5,000	1.00
1913 (March 1)-1915.....	All taxable income	1.00
1916.....	All taxable income	2.00
1917 <sup>4</sup> .....	All taxable income	6.00
1918 <sup>4</sup> .....	First \$2,000	--
	Over \$2,000	12.00
1919-1921 <sup>4</sup> .....	First \$2,000	--
	Over \$2,000	10.00
1922-1924 <sup>4</sup> .....	First \$2,000	--
	Over \$2,000	12.50
1925.....	First \$2,000	--
	Over \$2,000	13.00
1926-1927.....	First \$2,000	--
	Over \$2,000	13.50
1928.....	First \$3,000	--
	Over \$3,000	12.00
1929.....	First \$3,000	--
	Over \$3,000	11.00
1930-1931.....	First \$3,000	--
	Over \$3,000	12.00
1932-1935 <sup>5</sup> .....	All taxable income	13.75
1936-1937 <sup>5,6</sup> .....	First \$2,000	8.00
	Over \$2,000, not over \$15,000	11.00
	Over \$15,000, not over \$40,000	13.00
	Over \$40,000	15.00
1938-1939 <sup>5</sup> .....	Taxable income \$25,000 or less:	
	First \$5,000	12.50
	Next \$15,000	14.00
	Next \$5,000	16.00
	Taxable income over \$25,000	19.00
1940 <sup>5,7</sup> .....	Taxable income \$31,964.30 or less:	
	First \$5,000	14.85 <sup>8</sup>
	Next \$15,000	16.50 <sup>8</sup>
	Next \$5,000	18.70 <sup>8</sup>
	Next \$6,964.30	38.30 <sup>8</sup>
	Taxable income over \$31,964.30, not over \$38,565.84:	
	First \$5,000	15.40 <sup>8</sup>
	Next \$15,000	16.90 <sup>8</sup>
	Next \$5,000	18.90 <sup>8</sup>
	Next \$13,565.84	36.90 <sup>8</sup>
	Taxable income over \$38,565.84	24.00 <sup>8</sup>
1941 <sup>5,7</sup> .....	Taxable income \$38,461.54 or less:	
	First \$5,000	21.00 <sup>9</sup>
	Next \$15,000	23.00 <sup>9</sup>
	Next \$5,000	25.00 <sup>9</sup>
	Next \$13,461.54	44.00 <sup>9</sup>
	Taxable income over \$38,461.54	31.00 <sup>9</sup>

See notes at the end of this section.

# Appendix to Selected Historical and Other Data Tables

**Table B.--U.S. Corporation Income Tax: Tax Brackets and Rates, 1909-2003 <sup>1</sup>--Continued**

Year <sup>2</sup>	Taxable income brackets <sup>3</sup>	Rates (percent)
1942-1945..... <sup>5, 7</sup>	Taxable income \$50,000 or less: First \$5,000 Next \$15,000 Next \$5,000 Next \$25,000  Taxable income over \$50,000	25.00 <sup>9</sup> 27.00 <sup>9, 10</sup> 29.00 <sup>9, 10</sup> 53.00 <sup>9, 10</sup>  40.00 <sup>9, 10</sup>
1946-1949.....	Taxable income \$50,000 or less: First \$5,000 Next \$15,000 Next \$5,000 Next \$25,000  Taxable income over \$50,000	21.00 <sup>9</sup> 23.00 <sup>9</sup> 25.00 <sup>9</sup> 53.00 <sup>9, 10</sup>  38.00 <sup>9, 10</sup>
1950..... <sup>11</sup>	First \$25,000 Over \$25,000	23.00 42.00 <sup>10</sup>
1951..... <sup>11</sup>	First \$25,000 Over \$25,000	28.75 <sup>12</sup> 50.75 <sup>12</sup>
1952-1963..... <sup>11</sup>	First \$25,000 Over \$25,000	30.00 <sup>13</sup> 52.00 <sup>13</sup>
1964.....	First \$25,000 Over \$25,000	22.00 50.00 <sup>13</sup>
1965-1967.....	First \$25,000 Over \$25,000	22.00 48.00 <sup>13</sup>
1968-1969..... <sup>14</sup>	First \$25,000 Over \$25,000	24.20 <sup>15</sup> 52.80 <sup>13, 15</sup>
1970..... <sup>14</sup>	First \$25,000 Over \$25,000	22.55 <sup>16</sup> 49.20 <sup>16, 17</sup>
1971-1974..... <sup>14</sup>	First \$25,000 Over \$25,000	22.00 48.00 <sup>18</sup>
1975-1978..... <sup>14</sup>	First \$25,000 \$25,000-\$50,000 Over \$50,000	20.00 22.00 48.00 <sup>19</sup>
1979-1981..... <sup>14</sup>	First \$25,000 \$25,000-\$50,000 \$50,000-\$75,000 \$75,000-\$100,000 Over \$100,000	17.00 20.00 30.00 <sup>20</sup> 40.00 <sup>20</sup> 46.00 <sup>20</sup>
1982..... <sup>14</sup>	First \$25,000 \$25,000-\$50,000 \$50,000-\$75,000 \$75,000-\$100,000 Over \$100,000	16.00 19.00 30.00 <sup>20</sup> 40.00 <sup>20</sup> 46.00 <sup>20</sup>
1983..... <sup>14, 21</sup>	First \$25,000 \$25,000-\$50,000 \$50,000-\$75,000 \$75,000-\$100,000 Over \$100,000	15.00 18.00 30.00 <sup>20</sup> 40.00 <sup>20</sup> 46.00 <sup>20</sup>
1984-1986..... <sup>14</sup>	First \$25,000 \$25,000-\$50,000 \$50,000-\$75,000 \$75,000-\$100,000 \$100,000-\$1,000,000 \$1,000,000-\$1,405,000 Over \$1,405,000	15.00 18.00 30.00 <sup>20</sup> 40.00 <sup>20</sup> 46.00 <sup>20</sup> 51.00 <sup>20</sup> 46.00 <sup>20</sup>

See notes at the end of this section.

## Appendix to Selected Historical and Other Data Tables

**Table B.--U.S. Corporation Income Tax: Tax Brackets and Rates, 1909-2003 <sup>1</sup>--Continued**

Year <sup>2</sup>	Taxable income brackets <sup>3</sup>	Rates (percent)
1987 <sup>22, 23</sup> .....	First \$25,000	15.00
	\$25,000-\$50,000	16.50
	\$50,000-\$75,000	27.50
	\$75,000-\$100,000	37.00 <sup>24</sup>
	\$100,000-\$335,000	42.50 <sup>24</sup>
	\$335,000-\$1,000,000	40.00 <sup>24</sup>
	\$1,000,000-\$1,405,000	42.50 <sup>24</sup>
	Over \$1,405,000	40.00 <sup>24</sup>
1988-1992.....	First \$50,000	15.00
	\$50,000-\$75,000	25.00
	\$75,000-\$100,000	34.00
	\$100,000-\$335,000	39.00
	Over \$335,000	34.00
1993-2003.....	First \$50,000	15.00
	\$50,000-\$75,000	25.00
	\$75,000-\$100,000	34.00
	\$100,000-\$335,000	39.00
	\$335,000-\$10,000,000	34.00
	\$10,000,000-\$15,000,000	35.00
	\$15,000,000-\$18,333,333	38.00
	Over \$18,333,333	35.00

See notes at the end of this section.



## Appendix to Selected Historical and Other Data Tables

### Footnotes

#### Table A

N/A—Not applicable.

- [1] Personal exemption amounts were deducted at different points in the tax computation, depending on the tax year. For some of the earlier years, they were deducted only from the statutory “net income” subject to the basic “normal tax,” for other years, only from the “net income” subject to the “surtax,” and, for still other years, from the “net income” subject to both normal tax and surtax. (Footnote 2, below, includes a description of “normal tax” and “surtax.”) For more recent years, personal exemptions have been deducted in computing “taxable income,” the current tax base for “regular” tax purposes.
- [2] Tax rates shown in this table are for the “regular” income tax, i.e., for “normal tax” and “surtax,” applicable to U.S. citizens and residents. Therefore, the rates exclude provisions unique to nonresident aliens. Tax rates exclude the effect of tax credits (which reduce the tax liability), except as noted, and several specific add-on or other taxes applicable to all or some tax years. Excluded are the “war excess profits tax” (1917), “victory tax” (1942-1943), Social Security “self-employment tax” (starting with 1951), tax under the “income averaging” provisions (1964-1986) and under the farm income averaging provisions (starting with 1998), and the “recapture taxes” resulting from having to recompute and pay back certain tax credits in later years (starting with 1963), the “maximum tax” on “earned income” or on “personal service income” (1971-1981), the “minimum tax” on “tax preferences” (1970-1983), and the “alternative minimum tax” on “tax preferences” (starting with 1979). Also excluded are such other taxes as the tax on recipients of accumulation distributions of trusts (starting with 1954) and the “special averaging tax” or “multiple recipient special averaging tax” on recipients of lump-sum distributions from qualified retirement plans (starting with 1974).

In addition, Table 1 excludes the taxes associated with the preferential treatment of capital gains, starting with 1922 (although certain gains received preferential treatment as early as 1918). At various times, these treatments have taken the form of special tax rates; special definitions; different asset holding periods; ceilings on taxes; and exclusions from income. Included among these special treatments were “alternative tax” (1938-1986) and its variations for the earlier years, although all of these taxes were in some way tied to the tax structure for regular tax.

Until 1948, a single set of tax rates applied to all taxpayers, regardless of marital or filing status, and married couples filing joint returns were taxed on the combined income of each spouse. However, a second, lower set of rates was introduced, starting with 1948, for married couples filing jointly. (To simplify the Table 1 presentation for these more recent years, only the lowest and highest tax rates for married persons filing jointly are shown.) Under this change, the combined tax of husband and wife became twice the combined tax that would have applied if their combined “taxable income” (“net income” for years before 1954) were cut in half. Thus, taxpayers using the joint return filing status “split” their incomes for tax purposes, in effect doubling the width of their taxable income (or net income) size “brackets.” The lowest and highest tax rate brackets shown in columns 4 and 6 in Table 1 are, therefore, the brackets for married couples filing jointly that result from taking into account this doubling of the bracket widths.

Starting with 1952, a third set of rates was introduced (not shown) for “heads of household,” i.e., for unmarried individuals who paid over half the cost of maintaining a home for a qualifying person (e.g., a child or parent), or for certain married individuals who had lived apart from their spouses for the last 6 months of the tax year. This filing status was liberalized, starting with 1970, and provides approximately half the advantage of the income-splitting described above.

## Appendix to Selected Historical and Other Data Tables

Starting with 1954, the full benefits of income splitting allowed married couples filing jointly (i.e., the same tax rates and taxable income brackets) were extended to a new, fourth filing status, “surviving spouse” (i.e., individuals widowed for 1 to 2 years following the death of a spouse, provided they had a dependent child and had not remarried). The remaining filing status was for “single persons,” who used the rates formerly applicable to taxpayers in general. However, these latter rates were moderated, starting with 1969, by limiting the tax so that it would not exceed 20 percent more than the tax on married couples filing jointly. One result of the 1969 law change was that certain married couples filing jointly had to pay more tax than they would have paid if each spouse had filed separately. To help mitigate this effect, a special deduction in computing adjusted gross income was allowed for 1982-1986 for two-earner couples filing jointly. This deduction was initially 5 percent of the lesser of \$30,000 or the “earned income” of the spouse with the lesser earnings. The percentage was increased to 10 percent, starting with 1983. The deduction provision was repealed, starting with 1987, when new, lower rates and a reduced number of tax brackets began.

For tax years preceding 1954, the lowest tax rate, as shown in Table 1, was either the rate for the basic “normal tax” (if there was just one rate for normal tax) or the lowest of the several rates for “normal tax” (if there was more than one rate for normal tax). The highest tax rate was the sum of the uppermost of the graduated rates (if any) for normal tax, plus the uppermost of the additional, graduated “surtax” rates, provided that both rates were applied to the same income. For example, for 1932, there were two graduated rates for normal tax, 4 percent (on the first \$4,000 of income) and 8 percent (on all income over \$4,000), and graduated rates for “surtax” that ranged from 1 percent to 55 percent. In Table 1, the lowest rate for 1932 is, therefore, shown as 4 percent (the lower of the two normal tax rates) and the highest rate as 63 percent (the sum of the 8-percent higher, graduated rate for normal tax on

income over \$4,000, plus 55 percent, the highest of the graduated, surtax rates, on income over \$1 million.). As another example, for 1941, there was just one rate for normal tax, 4 percent, but it applied to all income. The lowest of the surtax rates, 6 percent, was applied to all income under \$2,000, so that income under \$2,000 was taxed at both the 4-percent normal tax rate and the 6-percent surtax rate. Therefore, the lowest rate shown in Table 1 for 1941 is 10 percent, the sum of these two tax rates. The highest rate is the sum of the 4-percent normal tax on total statutory “net income,” plus the highest graduated surtax rate, 77 percent on income over \$5 million, so that income over \$5 million was taxed at 81.0 percent, the sum of the two rates. For tax years starting with 1954, normal tax and surtax rates were, in effect, combined into a single rate structure.

[3] The definition of the income base (and, thus, the tax “bracket” boundaries) to which the tax rates were applied differs over the years, depending on how the following were determined and figured: statutory adjustments to or exclusions from income; personal exemptions; itemized deductions (which, for certain expenditures, were sometimes described as income “credits”); standard deductions; the various thresholds and ceilings; and statutory “taxable income” (and its predecessor “net income”). Therefore, the lowest and highest taxable income amounts, as shown in Table 1, are not comparable for all years, and the amounts described as for statutory taxable income for tax years preceding 1954 are actually for statutory net income. (Statutory net income was income after subtracting deductions but, for most years, was before subtracting personal exemptions. Statutory taxable income was after subtracting both deductions and personal exemptions. Taxable income is the tax base for recent years. Net income required certain adjustments to arrive at the tax base, depending on whether the income was subject to normal tax, surtax, or both). See also footnote 2, above.

[4] For 1921-1923, the personal exemption amount for married couples (column 2) increased to

## Appendix to Selected Historical and Other Data Tables

- \$2,000 if statutory “net income” exceeded \$5,000.
- [5] For 1923, the tax rates shown (columns 4 and 6) are after a 25-percent statutory credit or refund.
- [6] For 1924, the lowest tax rate (column 4) is after reduction by an “earned income credit,” equal to 25 percent of the “normal tax” on the first \$5,000 of total statutory “net income” and the normal tax on the first \$10,000 of “earned net income,” but limited to 25 percent of the normal tax on total net income.
- [7] For 1925-1927, the lowest tax rate (column 4) is after reduction by an “earned income credit” equal to 25 percent of the total tax on the first \$5,000 of total statutory “net income” and the total tax on the first \$20,000 of “earned net income,” but limited to 25 percent of the total tax on earned net income (not to exceed 25 percent of the sum of “normal tax” on total net income plus the “surtax” on earned net income.)
- [8] For 1928-1931, the lowest tax rate (column 4) is after reduction by an “earned income credit” equal to 25 percent of the total tax on the first \$5,000 of total statutory “net income” and the total tax on the first \$30,000 of “earned net income,” but subject to the same limitations described in footnote 7, above. For 1929 only there was a special reduction in normal tax rates as provided for in a joint resolution of congress.
- [9] For 1934-1943, the tax rate (column 4) excludes the effect of an “earned income credit,” allowed as a *deduction* equal to 10 percent of the first \$14,000 of “earned net income” (before credit) and the first \$3,000 of total statutory “net income” (before credit), but limited to 10 percent of earned net income (not to exceed 10 percent of total net income).
- [10] For 1940, tax rates (columns 4 and 6) include “defense tax,” computed as 10 percent of the total “regular” tax, but limited to 10 percent of statutory “net income” in excess of the total regular tax.
- [11] For 1944-1945, the personal exemption amounts (columns 1-3) were for “surtax” purposes only.
- The exemption for basic “normal tax” purposes was \$500 per tax return, augmented by the “earned income” of the spouse, up to \$500, on joint returns.
- [12] For 1944-1945, the highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 90 percent of statutory “net income.”
- [13] For 1946-1947, tax rates (columns 4 and 6) are the effective rates after a statutory 5-percent reduction of combined “tentative normal tax and surtax.” The highest rate (column 6) was subject to a maximum effective rate limitation equal to 85.5 percent of statutory “net income.”
- [14] For 1948-1986, in addition to the personal exemptions (columns 1-2), there were additional personal exemptions for blind taxpayer(s) and for taxpayers(s) age 65 or over.
- [15] For 1948-1949, tax rates (columns 4 and 6) are the effective rates after statutory reductions ranging from 17.0 percent of the first \$400 of combined “tentative normal tax and surtax” to 9.75 percent of combined tentative normal tax and surtax over \$100,000. The highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 77.0 percent of statutory “net income.”
- [16] For 1950, tax rates (columns 4 and 6) are the effective rates after statutory reductions ranging from 13.0 percent of the first \$400 of combined “tentative normal tax and surtax” to 7.3 percent of combined tentative normal tax and surtax over \$100,000. The highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 87.0 percent of statutory “net income.”
- [17] For 1951, the highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 87.2 percent of statutory “net income.”
- [18] For 1952-1953, the highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 88.0 percent of statutory “net income.”
- [19] For 1954-1963, the highest tax rate (column 6) was subject to a maximum effective rate

## Appendix to Selected Historical and Other Data Tables

limitation equal to 87.0 percent of statutory “taxable income.”

- [20] For 1968, the highest tax rate (column 6) includes a Vietnam War surcharge equal to 7.5 percent of tax (as defined for this purpose). However, this surcharge did not apply to “regular” tax generated at the lowest rate.
- [21] For 1969, the highest tax rate (column 6) includes a Vietnam War surcharge equal to 10 percent of tax (as defined for this purpose). However, this surcharge did not apply to “regular” tax generated at the lowest rate.
- [22] For 1970, the highest tax rate (column 6) includes a Vietnam War surcharge equal to 2.5 percent of tax (as defined for this purpose). However, this surcharge did not apply to “regular” tax generated at the lowest rate.
- [23] For 1971, “earned net income” was subject to a “maximum tax” of 60 percent (not shown in column 6).
- [24] For 1972-1981, “earned net income” (broadened to become “personal service net income” after 1976) was subject to a “maximum tax” of 50 percent (not shown in column 6).
- [25] For 1974, tax rates (columns 4 and 6) do not take into account a statutory rebate of 10 percent of total income tax after credits. In general, the minimum rebate was \$100 and the maximum, \$200, but could not exceed the tax liability.
- [26] For 1975, a \$30-per-capita tax credit was allowed in addition to the personal exemptions shown in columns 1-3.
- [27] For 1976-1978, a tax credit was allowed, in addition to the personal exemptions shown in columns 1-3, that was equal to the larger of \$35 per capita or 2 percent of the first \$9,000 of statutory “taxable income.”
- [28] For 1977-1986, in order to help preserve the conceptual comparability of the amounts shown with those for earlier and later years, the lowest tax rates in column 4 and the lowest “taxable income” amounts in column 5 exclude the so-

called “zero tax rate” and the “zero bracket amount,” which were unique to the tax computation for these 10 years.

- [29] For 1981, tax rates (columns 4 and 6) are after a 1.25-percent statutory tax credit.
- [30] Starting with 1985, the personal exemption amounts (columns 1-3) reflect annual adjustments for inflation, using the U.S. Department of Labor Consumer Price Index for Urban Consumers (“CPS-U”).
- [31] Starting with 1985, tax “bracket” boundaries (columns 5 and 7) were indexed for inflation, using the U.S. Department of Labor Consumer Price Index (as described in footnote 30).
- [32] Starting with 1988, the amount eligible to be deducted for personal exemptions (columns 1-3) was phased out for certain high-income taxpayers. For 1988-1990, this was accomplished as part of the tax computation (see footnote 34, below).
- [33] For 1988-1990, excludes the effect on certain high-income taxpayers of the phaseout of the amount deductible for personal exemptions (columns 1-3).
- [34] For 1988-1990, the tax rates (columns 4 and 6) exclude the effects on certain high-income taxpayers of the phaseout both of the benefit of the 15-percent tax rate (compared to the 28-percent rate) and the amount deductible for personal exemptions. This phaseout was accomplished by imposing an additional, 5-percent tax on income above certain levels, based on filing status, thus creating a “temporary” 33-percent tax rate. At the point where the taxpayer had completely phased out the two benefits by use of the 33-percent rate, the tax rate on any remaining taxable income above the phaseout range returned to 28 percent (see also footnote 35). As Table 1 shows, beginning with 1991, this phaseout was replaced by including an additional, 31-percent, graduated rate for taxable incomes above certain levels. Two other, higher, graduated rates were subsequently added, starting with 1993, the higher of which is shown in Table 1.



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[35] For 1988-1990, the 15-percent tax rate (column 4), which applied to the first \$29,750 of statutory “taxable income” (column 5), gradually increased to the top “brackets” rate, 28 percent (column 6), when taxable income (included in column 7) reached between \$71,900 and \$149,250. This was the range at which the 15-percent rate was phased out for certain high-income taxpayers, all of whose income was then effectively taxed at the higher 28-percent rate through use of the “temporary” 33-percent rate (see footnote 34, above, for additional information). The boundaries of the phaseout range were adjusted for inflation for 1989-1990, although the top tax rate on the taxable income above that covered by the phaseout range remained 28 percent. Therefore, the top taxable income and top tax bracket rate shown in Table 1 for 1988-1990 do not take into account the higher, 33-percent, “temporary” phaseout rate.

[36] For 2000, the tax rates (columns 4 and 6) do not reflect a special statutory refund, partially offset for 2001, of between \$300 and \$600, depending on the size of income tax for 2000 and filing status. See also footnote 37, below.

[37] For 2001, the tax rate (columns 4 and 6) does not reflect a 5-percent tax credit of up to \$300, \$500, or \$1,000, depending on the filing status. This credit effectively reduced the lowest rate on the income shown in column 5 from 15 percent to 10 percent, in lieu of an explicit 10-percent rate. However, the credit was reduced by the amount of the special statutory refund made in 2001 (based on tax for 2000), described in footnote 36, above. The 10 percent rate was only for dependents.

[38] For the change in the lowest tax “bracket” boundary (columns 5 and 7) for 2001, see footnotes 36 and 37, above.

SOURCE: Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism*, Volume I, Budget Processes and Tax Systems, 1995, September 1996 (based, in part, on *Tax Foundation, Facts and Figures on Government Finance*, 1988-89 edition, 1988); Pechman,

Joseph A., *Federal Tax Policy*, fifth edition, The Brookings Institution, 1987 (based on relevant public laws and reports prepared by the Congressional Joint Economic Committee, including *The Federal Revenue System: Facts and Problems*, 1961, and *The Federal Tax System: Facts and Problems*, 1964); Statistics of Income—Part I (in particular, the historical synopses of laws included as appendices in the reports for 1949-1953) and *Statistics of Income—Individual Income Tax Returns* (annually, for 1954-1988); and relevant public laws and reports issued by the Congressional Joint Committee on Taxation for subsequent years, as well as reports, such as *Overview of the Federal Tax System* for 1990, 1991, and 1994, Committee on Ways and Means, U.S. House of Representatives, and reports issued by the Congressional Joint Committee on Taxation for subsequent years, including *Overview of Present Law and Economic Analysis Relating to Marginal Tax Rates and the President’s Individual Income Tax Rate Proposals*, 2001.

### Table B

[1] The rates shown are the “standard” or “ordinary” rates, applying to all taxable corporate net income unless otherwise provided. However, there have always been numerous exceptions and special rates based on the type of corporation, the type of income, and other factors. In addition, there have been, at various times, additional taxes related to income that increased the statutory rates. When possible, these are noted in other footnotes to this table for the years for which they were effective. Credits, deductions, and other alterations in the definition of taxable income also effectively alter the tax rate, but these are too numerous and too frequent to include in a table such as this.

The most important types of corporations to which these rates have not always applied, or not applied as they did to other corporations, are: *Section 501(c) and similar nonprofit corporations*: Corporations not organized or operated for profit are generally exempt from the corporation income tax except, since 1950, on business income unrelated to their exempt

## Appendix to Selected Historical and Other Data Tables

purposes. *Mutual and cooperative organizations*: Most of these were treated as nonprofits in the early days of the income tax. Most have long since been made taxable as ordinary corporations, but there are still some exceptions. Credit unions and small mutual property insurance companies are exempt. Rural electrical and telephone cooperatives are exempt on income generated in transactions with their members. Farmers' cooperatives are not taxed on income distributed to their members. *Insurance companies*: Because of the nature of insurance, determining taxable income has often been a problem for the tax system. Insurance companies have been subjected to a number of different tax structures since 1921, including special rates and complete exemption of premium income. They are currently taxed at the same rates as other corporations on income calculated using reserve deductions (which other corporations are not allowed). *Regulated Investment Companies (since 1936) and Real Estate Investment Trusts (since 1961)*: These investment companies are not taxed on profits distributed to shareholders if they distribute substantially all of their incomes annually. *S Corporations*: Since 1958, certain closely held corporations could elect to be taxed through their shareholders, as partnerships are, and not pay the corporate tax at all (except in special, unusual circumstances). *Foreign corporations*: Companies incorporated outside the U.S. are taxed on business income earned in the U.S. at the regular corporate rates, but may be taxed on investment income at special statutory or treaty rates. *U. S. corporations with foreign-source income*: The U.S. taxes the worldwide income of U.S. corporations; however, since 1918, taxes paid to foreign governments on foreign-source income can be credited against the U.S. tax otherwise due on that income. (Before 1918, the foreign taxes were allowed as a deduction against worldwide income.) *U.S. Possessions Corporations*: Since 1921, corporations earning most of their incomes in a U.S. possession were subject to reduced taxes. From 1921 to 1976, they were taxable only on U.S.-source income; since 1976, they have received a credit for manufacturing income earned in a possession

(including Puerto Rico). The credit is now being phased out and is scheduled to end after 2005. *Affiliated groups*: Corporations that are closely affiliated through stock ownership have usually been allowed to consolidate their financial statements for tax purposes and file one return for the group, but there have always been restrictions and, sometimes, they have been charged an additional tax for the privilege. In 1932 and 1933, consolidated returns were subject to an additional tax of .75 percent. In 1934 and 1935, only railroad companies were allowed to file consolidated returns, and the additional tax was 1 percent. From 1936 to 1941, there was no additional tax, but the privilege was restricted to railroads and a few other companies. From 1942 to 1964, most domestic affiliated groups that met the stock ownership and other requirements could file consolidated returns, but the surtax on such a group was increased by 2 percentage points. The additional tax on consolidated returns was repealed, effective December 31, 1963.

The most important type of income to have received special rates was "long-term" capital gains. From 1942 through 1987, the tax rate was capped at a maximum rate lower than the highest corporate rate. (The rates are noted in footnotes to the table.) Although there is currently no special rate for corporations' capital gains, long-term capital gains are still treated separately from other income in the tax code.

During World War I, the Great Depression, World War II, and the Korean War, additional taxes were imposed on what were called "war profits" or "excess profits." These are noted in the table in footnotes to the applicable years.

In addition to taxes based on net income, there have been from time to time taxes based on accumulated earnings that were not distributed to shareholders, designed to limit tax avoidance at the individual stockholder level. Taxes on "undue" accumulations have been imposed (though seldom paid) since the inception of the income tax. These were supplemented, since 1934, by a "personal holding company" tax, equal to the highest individual income tax rate,

## Appendix to Selected Historical and Other Data Tables

on the undistributed earnings of closely held companies accumulating investment income. There was also a Depression-era tax on accumulated earnings (noted below).

In recent years, there have also been “minimum taxes” designed to supplement the regular taxes. These have the effect of a separate set of tax rates. These are noted in footnotes to the table.

- [2] Calendar year unless otherwise noted. Taxpayers whose fiscal years spanned years with different rates were required to prorate the year’s income between the two rate structures. Before 1933, the proration was based on the number of months in each year; after 1932, it was based on the number of days in each year.
- [3] “Taxable income” is used here to mean the amount of income to which the rates shown were applied. The concept has had various names and various meanings over the years covered; so, brackets for one year are not necessarily comparable with those for another.
- [4] An additional tax on “excess profits” and/or “war profits” was in effect from 1917 to 1922. It was allowed as a deduction in computing income tax.
- [5] An additional “declared value” excess profits tax, based on profits in excess of a percentage of the value of corporate stock, was in effect from 1933 through 1945. It was a deduction for income tax purposes.
- [6] An additional surtax ranging from 7 percent to 27 percent was imposed on undistributed profits.
- [7] From June 1940 to the end of 1945, a tax on profits in excess of average prewar earnings was also imposed. It was taken into account, as either a deduction or a credit, for the income tax and the other excess profits tax.
- [8] The rates for 1940 include extra “defense tax” rates that are integrated with the regular rates in later years.
- [9] These rates are the sum of the “normal tax” rates and the “surtax” rates, which actually applied to slightly different definitions of taxable income.
- [10] Beginning with Tax Year 1942, gains on the sale of assets held for more than 6 months (long-term capital gains) could be treated separately from other taxable income and taxed at a maximum rate of 25 percent.
- [11] An excess profits tax was also in effect from July 1950 through Calendar Year 1953. The tax was 30 percent of an adjusted profits figure reduced by credits for the level of prewar profits. It was not offset against income tax, but the sum of income and excess profits taxes was capped at a given percentage of income (from 62 percent to 70 percent).
- [12] These rates reflect a tax increase (for the Korean War), effective March 31, 1951. The maximum capital gains tax rate was also increased to 26 percent.
- [13] From April 1, 1954, through Calendar Year 1969, the maximum tax rate on capital gains was 25 percent.
- [14] From 1969 through 1986, corporations were also subject to an “add-on minimum tax” on certain “tax preference” items (such as percentage depletion, accelerated depreciation, etc.) above a certain amount. For Tax Years 1969 through 1976, the tax was 10 percent of tax preferences in excess of \$30,000; after 1976, the tax was 15 percent of preferences in excess of the greater of \$10,000 or regular income tax.
- [15] Rates include the Vietnam War surcharge of 10 percent.
- [16] Includes a 2.5-percent Vietnam War surcharge.
- [17] The maximum tax rate on long-term capital gains was increased to 28 percent.
- [18] The maximum tax rate on long-term capital gains was increased to 30 percent.
- [19] The holding period for long-term capital gain treatment of assets was increased from 6 to 9 months in 1977 and 12 months in 1978. The rate remained at 30 percent.



## Appendix to Selected Historical and Other Data Tables

- [20] The maximum tax rate on long-term capital gains was 28 percent.
- [21] Beginning in 1983, incorporated professional practices (“personal service corporations”) have been taxed on all taxable income at the corporate tax rate applicable to the highest income bracket.
- [22] The Tax Reform Act of 1986 (TRA86) established a new rate structure effective for Tax Year 1988 and made the rates for Transition Year 1987 an average of the pre-TRA rates for 1986 and the post-TRA rates for 1988.
- [23] A new “alternative minimum tax” (AMT) replaced the add-on minimum tax, effective in 1987. It required a calculation of an alternative measure of taxable income that reduced or eliminated many tax preference items. The tax was 20 percent of the excess of this “alternative minimum taxable income” (AMTI) over \$40,000. The \$40,000 exemption was reduced by 25 percent of the excess of AMTI over \$150,000. AMT in excess of regular tax could be carried over as a credit against regular tax in future years. In 1998, “small” corporations

(generally, those with average gross receipts of less than \$5 million) were exempted from the AMT.

- [24] The maximum tax rate on capital gains was capped at 34 percent for 1987, which was to be the rate on the highest corporate tax bracket in 1988 and after, according to TRA86. The maximum capital gain rate was raised to 35 percent when the highest corporate rate bracket was increased in 1993.

SOURCE: Blakey, Roy G. and Blakey, Gladys C. (1940), *The Federal Income Tax*, New York. Gravelle, Jane G. (1994), *The Economic Effects of Taxing Capital Income*, Appendix A, History of Capital Income Taxation in the United States. MIT. Internal Revenue Service, *Form 1120 series and Instructions*, various years. Internal Revenue Service, *Statistics of Income for 1949, Part 2*, Appendix A. U. S. Congress, Joint Committee on Taxation, Explanations of various tax acts, published after each major tax act since the 1960’s. U. S. Senate, Committee on the Budget, *Tax Expenditures: Compendium of Background Materials on Individual Provisions*, published periodically.

# SOI Sampling Methodology and Data Limitations

## Appendix

**T**his appendix discusses typical sampling procedures used in most Statistics of Income (SOI) programs. Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI reports (see pages 259-269 at the end of this *Bulletin*). More technical information is available, on request, by writing to the Director, Statistics of Income Division RAS:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608.

### Sample Criteria and Selection of Returns

Statistics compiled for the SOI studies are generally based on stratified probability samples of income tax returns or other forms filed with the Internal Revenue Service (IRS). The statistics do not reflect any changes made by the taxpayer through an amended return or by the IRS as a result of an audit. As returns are filed and processed for tax purposes, they are assigned to sampling classes (strata) based on such criteria as: industry, presence or absence of a tax form or schedule, and various income factors or other measures of economic size (such as total assets, total receipts, size of gift, and size of estate). The samples are selected from each stratum over the appropriate filing periods. Thus, sample selection can continue for a given study for several calendar years--3 for corporations because of the incidence of fiscal (non-calendar) year reporting and extensions of filing time. Because sampling must take place before the population size is known precisely, the rates of sample selection within each stratum are fixed. This means, in practice, that both the population and the sample size can differ from those planned. However, these factors do not compromise the validity of the estimates.

The probability of a return's selection depends on its sample class or stratum and may range from a fraction of 1 percent to 100 percent. Considerations in determining the selection probability for each stratum include the number of returns in the stratum, the diversity of returns in the

stratum, and interest in the stratum as a separate subject of study. All this is subject to constraints based on the estimated processing costs or the target size of the total sample for the program.

For most SOI studies, returns are designated by computer from the IRS Master Files based on the taxpayer identification number (TIN), which is either the Social Security number (SSN) or the Employer Identification Number (EIN). A fixed and essentially random number is associated with each possible TIN. If that random number falls into a range of numbers specified for a return's sample stratum, then it is selected and processed for the study. Otherwise, it is counted (for estimation purposes), but not selected. In some cases, the TIN is used directly by matching specified digits of it against a predetermined list for the sample stratum. A match is required for designation.

Under either method of selection, the TIN's designated from one year's sample are, for the most part, selected for the next year's, so that a very high proportion of the returns selected in the current year's sample are from taxpayers whose previous years' returns were included in earlier samples. This longitudinal character of the sample design improves the estimates of change from one year to the next.

### Method of Estimation

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. "Weights" are computed by dividing the count of returns filed for a given stratum by the number of population sample returns for that same stratum. These weights are usually adjusted for unavailable returns, outliers, or trimming weights. Weights are used to adjust for the various sampling rates used, relative to the population--the lower the rate, the larger the weight. For some studies, it is possible to improve the estimates by subdividing the original sampling classes into "post-strata," based on additional criteria or refinements of those used in the original stratification. Weights are then computed for these post-strata using additional population counts. The data on each sample return in a stratum are

**Sample returns are designated by computer from the IRS Master Files based on the taxpayer identification number.**

*Information for this appendix was compiled under the direction of Beth Kilss, Chief, Statistical Data Section. Major contributions were made by Paul McMahon and Tamara Rib, Statistical Computing Branch, Mathematical Statistics Section, under the direction of Yahia Ahmed, Chief.*

## SOI Sampling Methodology and Data Limitations

then multiplied by that weight. To produce the tabulated estimates, the weighted data are summed to produce the published statistical totals.

**In transcribing and tabulating data from tax returns, checks are imposed to improve the quality of the statistics.**

### Sampling Variability

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples usually vary. The standard error of the estimate is a measure of the

variation among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

In SOI reports, the standard error is not directly presented. Instead, the ratio of the standard error to the estimate itself is presented in percentage form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its CV to recreate the standard error and to construct confidence intervals.

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 2 percent, then the following arithmetic procedure would be followed to construct a 68-percent confidence interval estimate:

$$\begin{array}{ll} 150,000 & \text{(sample estimate)} \\ \times 0.02 & \text{(coefficient of variation)} \\ = 3,000 & \text{(standard error of estimate)} \end{array}$$

then:

$$\begin{array}{ll} 150,000 & \text{(sample estimate)} \\ + \text{ or } - 3,000 & \text{(standard error)} \\ = \{147,000, 153,000\} & \text{(68-percent confidence interval).} \end{array}$$

Based on these data, the interval estimate is from 147 to 153 thousand returns. This means that the average estimate of the number of returns lies within an interval computed in this way. Such an estimate would be correct for approximately two-thirds of all possible samples similarly

selected. To obtain this interval estimate with 95-percent confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Further details concerning sample design, sample selection, estimation method, and sampling variability for a particular SOI study may be obtained, on request, by writing to the Director, Statistics of Income Division, at the address given above.

### Nonsampling Error Controls and Limitations

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling error, there are other sources of error that may be significant in evaluating the usefulness of SOI data. These include taxpayer reporting errors and inconsistencies, processing errors, and the effects of any early cutoff of sampling. Additional information on nonsampling error as it applies to individual and corporation income tax returns is presented in the separate SOI reports on these returns.

In transcribing and tabulating the information from returns or forms selected for the sample, steps are taken to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during the statistical abstracting and "editing" process that takes place in IRS submission processing centers. This is done to improve data consistency from return to return and to achieve definitions of the data items more in keeping with the needs of major users. In some cases, not all of the data are available from the tax return as originally filed. Sometimes, the missing data can be obtained by the Statistics of Income Division in Washington, DC, through field followup. More often, though, they are obtained through manual or computerized imputation. For this purpose, other information in the return or in accompanying schedules may be sufficient to serve as the basis for making an estimate. Prior-year data for the same taxpayer can be used for this same purpose; or comparable data from business reference books may be substituted.

Data abstracted or "edited" from returns for statistical use are subjected to a number of validation checks, including systematic verifications of a sampling of the work of each tax examiner involved in the SOI process. Data

## SOI Sampling Methodology and Data Limitations

reported on sampled returns and previously transcribed as part of processing for the IRS Master Files are subject to validation as part of the administrative process before SOI processing begins. However, during the administrative process, it is only practical to transcribe corrections to errors that have a direct bearing on the tax reported or the refund claimed. Therefore, during the SOI process, checks must also be made to correct any errors or inconsistencies left in the administrative data before the data can be accepted for the statistics.

The Statistics of Income program includes many more tax return items than are transcribed and perfected for IRS tax administration needs, especially for items reported in tax return schedules in support of the various summary totals reported on the return. Therefore, checks must also be designed to validate these additional data items and to assure that they are consistent with other data entries.

Most of the data validation checks made during the SOI process take the form of computerized tests of each record. In addition to verifying that internal consistency and proper balance and relationships among the tax return items and statistical classifications are maintained, this process is intended to check on consistency with tax law provisions, acceptable reporting practices, and generally accepted accounting principles. Most testing occurs during the data abstracting and editing operation, while the tax return source document is still on hand, although some testing for certain programs occurs later on. Records failing the tests are subjected to further review and correction.

Finally, before publication, the statistics are reviewed for accuracy and reasonableness in light of the tax law provisions, taxpayer reporting variations and other limitations, tolerances and statistical techniques allowed or employed in data processing and estimating, economic conditions, and comparability with other statistical series. However, these controls do not completely eliminate the possibility of error. When discovered, errors in *Bulletin* tables are corrected, usually through published errata.

### Table Conventions

Published estimates subject to excessive sampling variability are identified for most of the statistics by means of an asterisk (\*) presented alongside the estimate or in place of an estimate. Presence of an asterisk means that the sampling rate was less than 100 percent of the population and that there were fewer than 10 sample observations available for estimation purposes. This method produces a rough indication of excessive sampling variability. However, the results will differ somewhat from more precise indicators of excessive sampling variability based on the standard statistical formula. For some of the statistics based on samples, asterisking was not possible because of resource and other constraints. Users should keep this limitation in mind when using these data.

A dash, in place of a frequency or an amount, in any given table cell presenting data based on an SOI sample, indicates either that (1) there were no returns in the population with the particular characteristic, or (2) because of its rarity, instances of the characteristic were not present among the sampled returns. However, for statistics based on returns selected for the sample at the 100-percent rate, a dash indicates a presumption of no returns with the particular characteristic in the population.

In addition to sampling variability, Statistics of Income is required to prevent disclosure of information about specific taxpayers or businesses in its tables. Therefore, a weighted frequency (and the associated amount, where applicable) of less than 3 is either combined with data in an adjacent cell(s) so as to meet the criteria, or deleted altogether. Similar steps are taken to prevent indirect disclosure through subtraction. However, any combined or deleted data are included in the appropriate totals. (A double asterisk is used in a cell where a frequency or amount has been deleted.) Most data on tax-exempt, nonprofit organizations are excluded from disclosure review because the Internal Revenue Code and regulations permit public access to most of the information reported by these organizations.

# SOI Projects and Contacts

**General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov**

Planned Projects, Year*	Primary Analysts	Frequency and Program Content
<b>Americans Living Abroad:</b> 2001 Program	Jeff Curry Maureen Keenan Kahr	This periodic study is conducted every 5 years. It covers foreign income, foreign taxes paid, and foreign tax credit shown on individual income tax returns. Data are classified by size of adjusted gross income and country.
<b>Controlled Foreign Corporations:</b> 2002 Program 2004 Program	Catterson Oh Randy Miller	This semiannual study provides data on activities of foreign corporations that are controlled by U.S. corporations. Data are classified by industry group and country.
<b>Controlled Foreign Partnerships:</b> 2000 Program 2004 Program	Bill States	This study provides data on activities of foreign partnerships that are controlled by U.S. corporations or partnerships. Frequency of this study has not been determined.
<b>Corporation Foreign Tax Credit:</b> 2002 Program 2003 Program 2004 Program	Scott Luttrell Rob Singmaster Scott Luttrell	This annual study provides data on foreign income, taxes paid, and foreign tax credit reported on corporation foreign income tax returns. Data are classified by industry group and country.
<b>Corporation Income Tax Returns:</b> 2003 Program 2004 Program	Glenn Hentz Gabe Schneider Bill Rush Gabe Schneider	Basic data are produced annually and cover complete income statement, balance sheet, tax, tax credits, and details from supporting schedules. Data are classified chiefly by industry group or asset size.
<b>Entity Classification Election ("Check-the-Box"):</b>	John Comisky	This annual study includes data from all Entity Classification Elections including the type of election, and whether the entity is foreign or domestic.
<b>Estate Tax:</b> 2004-2006 Program	Martha Eller Brian Raub	This annual study includes information on a gross estate and its composition, deductions, and tax; and information on the age, sex, and marital status of decedents. Basic estate tax return data by year in which returns are filed are produced each year. Also included are data on nonresident aliens who had more than \$60,000 of assets in the United States. Other statistics are available on a year-of-death basis (approximately every 3 years). The most recent study is based on decedents who died in 2004 with returns filed in 2004-2006. The most recent data available are for returns filed in 2004.
<b>Excise Taxes:</b>	Eric Henry	Basic data are collected and processed by three Department of the Treasury agencies: the Internal Revenue Service, the Alcohol and Tobacco Tax and Trade Bureau (formerly the Bureau of Alcohol, Tobacco, Firearms, and Explosives), and the Customs Service. Data by type of tax are shown by Fiscal Year (FY) for 1997-2004, quarterly for FY 2004, and for the first three quarters of FY 2005.

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Planned Projects, Year*	Primary Analysts	Frequency and Program Content
<b>Exempt Organizations (Charitable and Other, Except Private Foundations):</b> 2002 Program 2003 Program 2004 Program	Paul Arnsberger	This annual study includes balance sheet and income statement data for organizations classified as tax-exempt under subsections 501(c)(3)-(9) of the Internal Revenue Code. The most recent data are for Reporting Year 2002 returns filed in Calendar Years 2003-2004.
<b>Exempt Organizations (Private Foundations):</b> 2002 Program 2003 Program 2004 Program	Melissa Ludlum	This annual study includes balance sheet and income statement data for domestic private foundations and charitable trusts filing a Form 990-PF. The most recent data are for Reporting Year 2002 returns filed in Calendar Years 2003-2004.
<b>Exempt Organizations Unrelated Business Income:</b> 2002 Program 2003 Program 2004 Program	Peggy Riley	This annual study includes tabulations of "unrelated business" income and deductions for organizations classified as tax-exempt under the Internal Revenue Code. The most recent data are for Reporting Year 2002 returns filed in Calendar Years 2003-2004.
<b>Foreign-Controlled Domestic Corporations:</b> 2002 Program	James Hobbs	This annual study covers domestic corporations with 50-percent-or-more stock ownership by a single foreign "person." It covers balance sheet, income statement, and tax-related data, which are classified by industry group, country, and size and age of the corporations. Data are compared to those for other domestic corporations.
<b>Foreign Recipients of U.S. Income:</b> 2003 Program	Scott Luttrell	This annual study provides data by country on income paid to nonresident aliens and the amount of tax withheld for the U.S. Government.
<b>Foreign Trusts:</b> 2002 Program	Dan Holik	This periodic study, conducted every 4 years, provides data on foreign trusts that have U.S. "persons" as grantors, transferors, or beneficiaries. Data include country where the trust was created, value of transfer to the trust, and year the trust was created. The most recent study is for Tax Year 1998.
<b>Gift Tax:</b> 2004-2005 Program	Darien Jacobson	This annual study will provide data for Gift Year 2003 and Filing Years 2004 and 2005. Data cover type and amount of gift; information on donee; and tax computation items.



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<b>Planned Projects, Year*</b>	<b>Primary Analysts</b>	<b>Frequency and Program Content</b>
<b>Individual Income Tax Return Public-Use File:</b>	Mario Fernandez Mike Weber	Microdata on CD-ROM's are produced annually and contain detailed information obtained from the individual income tax return statistics program, with identifiable taxpayer information omitted to make the file available for public dissemination on a reimbursable basis.
<b>Individual Income Tax Returns:</b> 2003 Program 2004 Program 2005 Program	Maureen Keenan Kahr Jeff Curry Mike Strudler	Basic data are produced annually and cover income, deductions, tax, and credits reported on individual income tax returns and associated schedules. Data are classified by size of adjusted gross income, marital status, or type of tax computation.
<b>Individual Income Tax Returns Special Tabulations:</b> Individuals Sole Proprietorships	Mike Strudler Mario Fernandez	Special tabulations of selected individual income, deduction, and tax data are produced on a reimbursable basis.
<b>Interest-Charge Domestic International Sales Corporations (IC-DISC's):</b> 2004 Program	Dan Holik	These corporations replaced the Domestic International Sales Corporations, or DISC's, as of 1985. Balance sheet, income statement, and export-related data are tabulated every 4 years. The most recent study is for Tax Year 2000.
<b>International Boycott Reports:</b> 2003 Program 2004 Program	Lawrence Sao Lissa Redmiles	This study provides data on business operations of U.S. "persons" in boycotting countries, as well as the requests and agreements to participate in, or cooperate with, international boycotts not sanctioned by the U.S. Government.
<b>Migration Flow and County Income Data:</b>	Emily Gross	Migration flow data (based on year-to-year changes in individual income tax return addresses) and county or State income data are available annually on a reimbursable basis. The most recent data are for 2003-2004.
<b>Occupation Studies:</b>	Terry Nuriddin	This periodic study classifies individual income tax returns by occupation and contains a dictionary of occupational titles that can be used to enhance the economic data of other individual income tax return studies.
<b>Partnership Returns of Income:</b>	Tim Wheeler Nina Shumofsky	Basic data, produced annually, cover income statement, balance sheet, and details from supporting schedules. Data are classified chiefly by industry group.
<b>Partnership Withholding Study:</b> 2002 Program	Chris Carson	This annual study includes data on U.S. partnership payments to foreign partners. Data are classified by country and recipient type.



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<b>Planned Projects, Year*</b>	<b>Primary Analysts</b>	<b>Frequency and Program Content</b>
<b>Personal Wealth Study:</b> 2001 Program	Barry Johnson Martha Eller Brian Raub	This periodic study provides estimates of personal wealth of top wealth holders that are generated from estate tax return data using the "estate multiplier" technique, in conjunction with both filing-year and year-of-death estate data bases. The most recent data, 2001, are based on returns filed from 2001 to 2003.
<b>S Corporations:</b>	Kelly Luttrell Matt Scoffie	Annual study data are collected for the income statement and balance sheet, and from supporting schedules. Data are classified by industry group or asset size.
<b>Sales of Capital Assets:</b> 2003 Program 2004 Program 2005 Program	Janette Wilson	This periodic study provides detailed data on the sales of capital assets reported in the capital gains schedule of the individual income tax return, and on sales of residences and personal or depreciable business property.
<b>Sales of U.S. Real Property Interest by Foreign Persons:</b> 2002 Program	Chris Carson	This annual study provides data on transfers of U.S. real property interests acquired from foreign "persons." Data include the amount realized on transfers, U.S. tax withheld, and countries of foreign persons.
<b>Sole Proprietorships:</b> 2003 Program 2004 Program 2005 Program	Mike Parisi Kevin Pierce	Basic data, produced annually, cover business receipts, deductions, and net income reported on Schedule C (for nonfarm proprietors), classified by industry group.
<b>Split-Interest Trust Information Return:</b> 2003 Program 2004 Program 2005 Program	Lisa Schreiber	This annual study provides information on charitable remainder trusts, charitable lead trusts and pooled income funds. Data include balance sheet, income, deductions, and detail from accumulation and distribution schedules. The most recent data are for Tax Year 2003.
<b>Tax-Exempt Bond Issues:</b> 2002 Program 2003 Program 2004 Program	Marvin Schwartz Cynthia Belmonte	This annual study provides information on private activity and Governmental bond issues by type of property financed, size of face amount, and State. The most recent data are for Tax Year 2002 public purpose bonds and private activity bonds.
<b>Taxpayer Usage Study:</b>	Vickie Bryant	Produced annually, this program provides weekly frequencies of specific line entries made by taxpayers, the use of various return schedules and associated forms, and general characteristics of the individual taxpayer population, for returns received during the primary filing season (January through April).

## SOI Projects and Contacts

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<b>Planned Projects, Year*</b>	<b>Primary Analysts</b>	<b>Frequency and Program Content</b>
<b>Transactions of Foreign-Controlled Corporations:</b> 2002 Program	Will Jauquet	This biennial study includes data on transactions between U.S. corporations and their foreign owners. Data are classified by country and industry group.
<b>U.S. Possessions Corporations:</b> 2003 Program 2005 Program	Dan Holik	This periodic study, planned for every 2 years, provides data on income statements, balance sheets, tax, and "possessions tax credit" for qualifying U. S. possessions corporations. (Most of these corporations are located in Puerto Rico.)
<b>ZIP Code Area Data:</b>	Emily Gross Mike Weber	Statistics on CD-ROM show number of individual income tax returns, exemptions, and several income items by State and 5-digit ZIP code. Data are available for 2002 on a reimbursable basis. (Data for Tax Years 1991, 1998, and 2001 are also available, free of charge, on the IRS Web site: <a href="http://www.irs.gov/taxstats/article/0,,id=96947,00.html">http://www.irs.gov/taxstats/article/0,,id=96947,00.html</a> .)

\*Most projects shown are currently in progress and, therefore, may not be completed. Many of the data release dates, i.e., the months in which the Statistics of Income Division expects to release data to users, ahead of publication, on request, are published annually in the Fall issue of the *SOI Bulletin*. For more information about data availability for a particular project, call or fax the numbers shown at the top of the page.

# SOI Products & Services

**S**tatistics of Income (SOI) data are available in electronic formats and in printed publications. For further information on any of the following products and services, or for answers to questions on the availability of SOI data, other statistical services, or release dates for data, contact SOI's **Statistical Information Services (SIS) Office**:

**Statistical Information Services** ([sis@irs.gov](mailto:sis@irs.gov))  
Statistics of Income Division  
Internal Revenue Service  
P.O. Box 2608 • Washington, DC 20013-2608  
(202) 874-0410 • **Fax:** (202) 874-0964

As its name implies, SIS is best able to answer questions about data. It does not supply tax forms or information about the status of an individual's tax refund or audit examination. Media requests should be directed to the IRS Media Relations Branch, Communications Division, on (202)622-4000.

## Electronic Products and Services

### Products Available Free on the Internet

SOI's Internet site offers a combination of files presenting SOI tables, articles about SOI data, and information about SOI products and services, as well as non-SOI products, including annual *IRS Data Book* tables, Compliance Research projections, and nonprofit Master File microdata records. At present, over 4,204 files reside there.

**Web site:** [www.irs.gov/taxstats](http://www.irs.gov/taxstats).

There is also a direct link to our Web site from FedStats, the gateway to official statistics from the Federal Government: [www.fedstats.gov](http://www.fedstats.gov).

### Tax Stats

On the Tax Stats Home Page you will find the following list of topics that will lead you to a wide range of tables, articles, and data that describe and measure elements of the U.S. tax system. There is also a link to check out What's New.

#### Business Tax Statistics

Corporations • International • Partnerships  
Nonfarm Sole Proprietorships  
S Corporations • All Topics

### Charitable and Exempt Organization Statistics

Charities • Exempt Organization Master File  
Private Foundations • Trusts  
Tax-Exempt Bonds • All Topics

### Individual Tax Statistics

Filing Season Statistics • Estate and Gift Tax  
Individual Income Tax • International  
Personal Wealth • All Topics

### Products, Publications, and Papers

SOI Bulletins • IRS Data Books  
Conference Papers  
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### IRS Operations, Budget, and Compliance

Issuing Refunds • Collecting Revenue  
Enforcing Laws • Assisting Taxpayers  
All Topics

### Statistics by Form

706 • 709 • 990 • 990-PF • 990-T  
1040 • 1041 • 1065 • 1118 • 1120  
5471 • 5472 • 8038 • All Forms

### Statistics of Income (SOI)

About SOI • Careers With SOI  
SOI Services • SOI Studies  
All Topics

### Additional Information

Tax Statistics at a Glance  
Join SOI Tax Stats E-Mail List  
Questions On Tax Statistics?

### Products Available From SOI

Many of SOI's data files are available for sale on CD-ROM, diskette, tape, or via e-mail through the Statistical Information Services Office. **Prepayment is required for orders of \$100 or more**, with checks made payable to the **IRS Accounting Section**. Contact SIS for information on specific products, prices, sources, media, and ordering instructions.

The following files are currently available on a reimbursable basis and include data from returns covering corporations, individuals, exempt organizations, and private foundations and charitable trusts. Most of these files are tabulations of aggregated data, but some are files of microdata records.

## SOI Products & Services

### Corporation Income Tax Returns

#### Corporation Source Book

A magnetic tape, PC-diskettes, or CD-ROM containing the tabular statistics from the *Corporation Source Book*, for years 1996-2002. Price is \$1,500 per year for 2001 and 2002; earlier years are \$250 per year. See also *Printed Publications* section below.

### Individual Income Tax Returns

#### Individual Public-Use Microdata Files

These files include individual income tax returns for 1960, 1962, 1964, and 1966-2001. All of the files have been edited to protect the confidentiality of individual taxpayers. Public-use files of individual income tax returns for 1960, 1962, 1964, and 1966-1991 are available for sale by writing to the Center for Electronic Records at the National Archives and Records Administration, 8601 Adelphi Road, College Park, MD 20740-6001, or by calling (301) 713-6630. Files for 1992 through 2001 are available on CD-ROM from the SOI Division. Price for the SOI microdata files is \$4,000 per year.

#### County-to-County Migration Data

One table, based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. This table presents data on migration patterns by county for the entire United States, including inflows and outflows. The data include the number of returns (which approximates the number of households); the number of personal exemptions (which approximates the population); total "adjusted gross income" (starting with 1995-1996); "median adjusted gross income" (starting with 1995-1996); total money income (for years 1992-1993 through 1995-1996); and median total money income (for years 1992-1993 through 1995-1996). Available for 1984-2004. Price is \$200 per year for the entire United States or \$10 per State per year. (All years for the entire United States are also available for \$500.)

#### State-to-State Migration Data

One table, based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. This table presents data on migration patterns by State for the entire United States, including inflows and outflows. The data include the number of returns (which approximates the number of households); the number of personal exemptions (which approximates the population); total "adjusted gross income" (starting with 1995-1996); "median adjusted gross income" (starting with 1995-1996); total money income (for

years 1992-1993 through 1995-1996); and median total money income (for years 1992-1993 through 1995-1996). Available for 1989-2004. Price is \$50 per year for the entire United States or \$10 per State per year.

#### County Income Data

One table, based on the population of returns from the IRS Individual Master File system. This table presents data for adjusted gross income (total and for selected sources), number of returns (which approximates the number of households), and number of personal exemptions (which approximates the population). The data are presented by county (including State totals) and are available for 1989-2003 for the entire United States. Price is \$50 per year for the entire United States or \$10 per State per year.

#### ZIP Code Area Data

Statistics are available for Income Year 2002 on CD-ROM showing the number of individual income tax returns; the total number of exemptions and number of dependent exemptions (which approximates population); adjusted gross income; salaries and wages; taxable interest; total tax; contributions; number of returns with Schedules C and F; and number of returns with a Schedule A, by State and 5-digit ZIP code. Price is \$500 for the entire United States; \$25 for a single State. (Data for Income Years 1991, 1998, and 2001 are available free on SOI's Internet site.) Go to [www.irs.gov](http://www.irs.gov), select the **Tax Stats** option; Individual Tax Statistics; Individual Income Tax; Zip Code Data (SOI) under Data by Geographic Areas.

### Tax-Exempt Organizations

#### Compendium of Studies of Tax-Exempt Organizations, 1989-1998

This is a compilation of articles on SOI studies of charitable and other nonprofit organizations described in Internal Revenue Code sections 501(c)(3)-(c)(9), private foundations, charitable remainder trusts, and nonprofit organizations' unrelated business income. All of these articles were published previously in various issues of the *Statistics of Income Bulletin*. In addition, the *Compendium* includes papers on statistical sampling of tax-exempt organization returns, and other topics relating to tax-exempt organizations and philanthropy that were authored by IRS staff and others who use SOI study data for research. Available at no charge on CD-ROM.

#### Microdata Records for Tax Year 2002

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. The

## SOI Products & Services

samples include 17,569 Internal Revenue Code section 501(c)(3) organizations and 10,483 section 501(c)(4)-(9) organizations. All returns for organizations with assets of \$30,000,000 or more are included in the sample). Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each organization. Available for download from SOI's Tax Stats Web site at [www.irs.gov/taxstats/charitablestats/article/0,,id=97176,00.html](http://www.irs.gov/taxstats/charitablestats/article/0,,id=97176,00.html), or may be purchased on CD-ROM for \$20.

### Microdata Records for Tax Years 1992-2001

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each organization. Available for download from SOI's Tax Stats Web site at [www.irs.gov/taxstats/charitablestats/article/0,,id=97176,00.html](http://www.irs.gov/taxstats/charitablestats/article/0,,id=97176,00.html), or may be purchased on CD-ROM for \$20.

### Private Foundations (and Charitable Trusts)

#### Microdata Records for Tax Year 2002

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947 (a)(1) charitable trusts. The file contains both operating and nonoperating foundations and trusts. The sample includes 6,301 returns. (All returns for organizations with assets of \$10,000,000 or more are included in the sample.) Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Available for download from SOI's Tax Stats Web site at [www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html](http://www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html), or may be purchased for \$20.

#### Microdata Records for Tax Years 1992-2001

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947 (a)(1) charitable trusts. Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Available for download from SOI's Tax Stats Web site at [www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html](http://www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html), or may be purchased for \$20.

## Printed Publications

### Publications Available for Sale From GPO

Recent SOI publications are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC, **by calling (202) 512-1800, or faxing (202) 512-2250.** (Credit cards are accepted.) Publications may also be obtained by using the order form at the end of this *Bulletin* or write to:

#### Superintendent of Documents

P.O. Box 371954

Pittsburgh, PA 15250-7954

If you determine from the Government Printing Office that any of the next four items is out of print, telephone the **Statistical Information Services Office on (202) 874-0410** for assistance.

#### IRS Data Book 2004

*Annually, Publication 55B, Stock No. 048-004-02481-1*  
*Price \$9*

This volume pertains to Fiscal Year 2004-October 1, 2003, through September 30, 2004. The report provides data on collecting the revenue, enforcing the law, assisting the taxpayer, and managing the system, as well as lists and a chart about the structure and administration of the IRS itself.

#### Statistics of Income (SOI) Bulletin

*Quarterly, Publication 1136, Stock No. 748-005-00000-5*  
*Subscription price: \$53; Single copy price: \$39*

This series provides the earliest published financial statistics from individual and corporation income tax returns. The *Bulletin* also includes annual data on nonfarm sole proprietorships and partnerships, as well as periodic or special studies of particular interest to tax analysts, administrators, and economists. Historical tables include data from SOI, as well as tax collections and refunds by type of tax.

#### Statistics of Income--2002, Corporation Income Tax Returns

*Publication 16, Stock No. 048-004-02484-5*  
*Price \$45*

This report presents more comprehensive data on corporation income tax returns with accounting periods that ended



## SOI Products & Services

July 2002 through June 2003 than those published earlier in the *SOI Bulletin*.

Presents information on:

- receipts
- deductions
- net income
- taxable income
- income tax
- tax credits
- assets
- liabilities

Classifies data by:

- industry
- accounting period
- size of total assets
- size of business receipts
- size of income tax after credits

### **Statistics of Income--2003, Individual Income Tax Returns**

*Publication 1304, Stock No. 048-004-02487-0*

*Price: \$36 Foreign \$50.40*

This report presents more comprehensive and complete data on individual income tax returns for Tax Year 2003 than those published earlier in the *SOI Bulletin*.

Presents information on:

- sources of income
- exemptions
- itemized deductions
- tax computations

Classifies data by:

- size of adjusted gross income
- marital status
- type of tax computation

### **Publications Available From SOI**

Other SOI periodicals and one-time reports are available for sale from the Statistical Information Services Office. These reports include data from returns covering corporations, exempt organizations, international income and taxes, and estate taxes. The report from the IRS methodology reports series is available free while supplies last.

### **Corporation Source Book, 2002**

*Publication 1053--Price: \$175, plus \$10 for shipping and handling*

This 612-page document presents detailed income statement, balance sheet, tax, and selected items, by sector, major and minor industrial groups, and size of total assets for all returns and separately for returns with net income. Separate statistics on S corporations are included by sector. Industry detail is based on the North American Industry Classification System (NAICS). The report, which underlies the *Statistics of Income--Corporation Income Tax Returns* publication, is part of an annual series and can be purchased in its entirety or by page.

*Corporation Source Book* industry pages and notes for 1963 through present are available at a cost of \$30, plus \$1 per page copying charge (free for orders under 5 pages). The complete, printed version of the *Source Book* for selected prior years, 1984-2001, is also for sale at \$175 per year, plus \$10 for shipping and handling. See also *Electronic Products and Services* section.

### **Compendium of Federal Estate Tax and Personal Wealth Studies**

*Publication 1773--Price: \$26, plus \$10 for shipping and handling*

Part I of this report focuses on data from estate tax returns, describing decedents, their beneficiaries, and the composition of their estates. It contains a methodological discussion of the strategy used in weighting sample data for the estate studies and presents statistics on selected components of decedents' estates, 1916-1990. Information on charitable giving is also included.

Part II presents a series of articles describing the estate-multiplier technique and its applications for personal wealth estimates, estimates of personal wealth for selected years 1962-1989, and a discussion of the relationship among realized income, wealth, and well-being.

### **Special Studies in Federal Tax Statistics--2004**

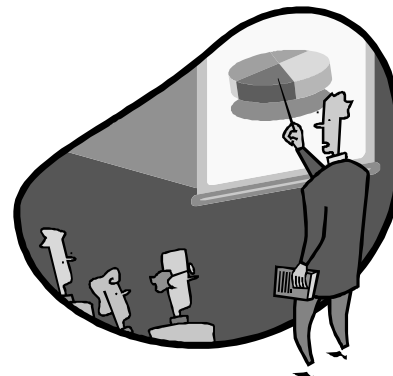
*Publication 1299--No charge*

This is the fourth edition of a new set in the IRS Methodology Report series, now entitled *Special Studies in Federal Tax Statistics* (previous volumes in the series were called *Turning Administrative Systems Into Information Systems* and *Statistics of Income and Related Administrative Record Research*). The title was changed to more clearly reflect the nature of the papers prepared by SOI as it adapts to better meet the data and information needs of its wide-ranging customers.

This year's compilation has been divided into five major sections, each focusing on a somewhat different area of research:

- recent developments in Statistics of Income research;
- quality assessment of administrative records data;
- research in income and wealth;
- disclosure protection techniques;
- multivariate analysis.

# 2006 IRS Research Conference



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The 2006 IRS Research Conference will be held June 14 and 15 at the Georgetown University School of Law in Washington, DC. The conference will highlight new research on tax compliance and administration, and will facilitate dialogue among IRS researchers, IRS and State tax administrators, tax experts from other countries, academic researchers, and private sector experts.

This year's conference sessions will include:

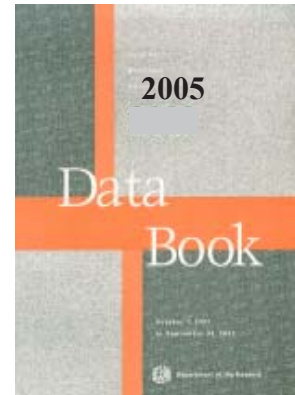
- **Panel Discussion: Compliance and Administrative Considerations for Tax Reform**
- **Corporate Tax Administration and Compliance**
- **Modeling Taxpayer Behavior**
- **Uses of Tax Data**
- **The Role of Third Parties in Tax Administration and Compliance**
- **New Approaches to Compliance and Administration**

Registration information and other details will be available soon at:  
<http://www.irs.gov/taxstats/productsandpubs/article/0,,id=151642,00.html>.



JUST PUBLISHED!

# **2005 Internal Revenue Service Data Book**



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The *Internal Revenue Service Data Book* is issued annually by the Internal Revenue Service. The latest volume pertains to Fiscal Year 2005 – October 1, 2004, through September 30, 2005, and includes 33 statistical tables and organizational information on a fiscal year basis. The 62-page report provides data on collecting the revenue, enforcing the law, assisting the taxpayer, and managing the system, as well as lists of key officials and an organizational chart.

For information on obtaining copies of this report, call SOI's Statistical Information Services Office at (202) 874-0410; send a fax to (202) 874-0964 or an email to [sis@irs.gov](mailto:sis@irs.gov).

You may also download the entire report (in Adobe Acrobat PDF) and each of the tables (in Microsoft Excel) from the IRS Web site ([www.irs.gov/taxstats](http://www.irs.gov/taxstats)), under Products, Publications, & Papers; IRS Data Books.

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